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ABSTRACT

This report analyzes 30-year trends in population, jobs, income, poverty, and education in the South, including comparisons to national trends and projections for the year 2010. The report aims to document the South's success in overcoming poverty and discrimination, draw attention to barriers that block further economic progress, and make recommendations to regional leaders for future goals. States included in the analysis are Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Tennessee, Kentucky, Alabama, Mississippi, Louisiana, Arkansas, Oklahoma, and Texas. The report is based on data from the decennial Census (1970-1990), the March 1994 Current Population Survey, and the Bureau of Economic Analysis (U.S. Department of Commerce). This report concludes that: (1) the region's immediate future requires massive adult education and retraining to cope with an aging workforce and a decline in young workers; (2) the shift away from traditional industries requires that the region pay attention both to creating jobs and to raising income if it expects further progress; (3) demographic trends and inadequate education threaten the South's continued prosperity in an economy that increasingly discriminates against the uneducated and single-parent families; (4) despite substantial improvements in state poverty rates, economic erosion appears in both rural areas and central cities; (5) despite remarkable progress over the past 20 years, too few Southerners finish high school, take postsecondary classes, graduate from college, or earn doctoral degrees; and (6) education is the key to making the South more competitive, with better jobs, higher-skilled workers and stronger businesses. Includes many maps and figures. (LP)

THE STATE OF THE SOUTH

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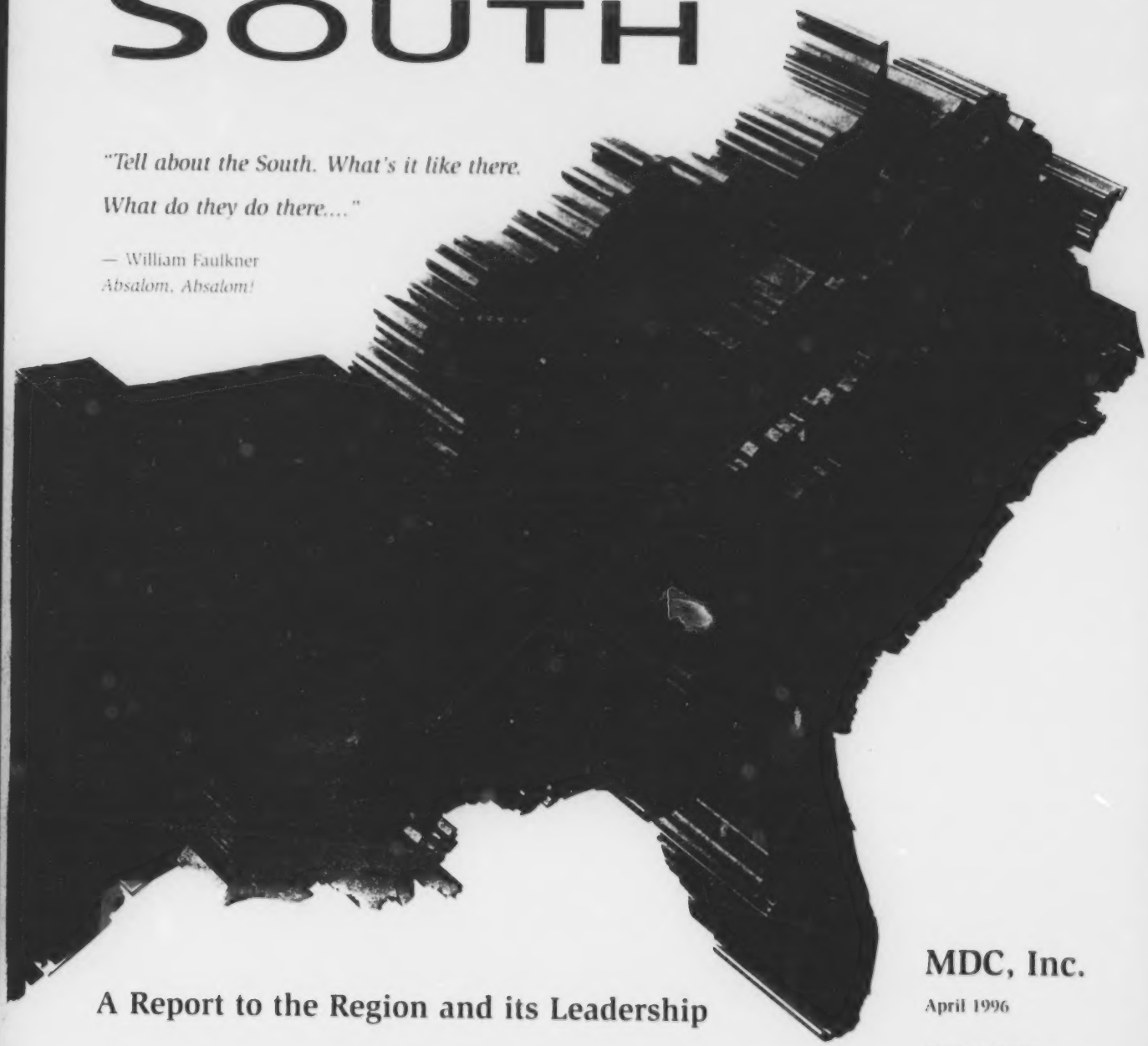
THE STATE OF THE SOUTH

"Tell about the South. What's it like there.
What do they do there...."

— William Faulkner
Absalom, Absalom!



A Report to the Region and its Leadership

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April 1996

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Dedication

James K. Batten, 1936-1995

Jim Batten first came to fame in the 1960s as a reporter for *The Charlotte Observer* telling about the South. He covered the slow death of Jim Crow and the simultaneous and massive exodus from the farm before leaving reporting to become an editor and, eventually, the chief executive officer of the Knight-Ridder newspaper corporation.

Batten's and MDC's work intersected at several points through the years. As a reporter, Jim Batten wrote about MDC's early projects in the late 1960s. In 1985, he joined a panel of Southerners that oversaw the research and writing of our report, *Shadows in the Sunbelt*. After that, Batten stayed in touch with MDC as he became involved in efforts to overcome Miami's racial divisions and to build the city's economy. He joined MDC's Board of Directors in 1992.

Batten began his career by describing rural poverty; he was a leader of efforts to solve urban poverty when he died. Throughout his life, as reporter, editor and business leader, Jim Batten constantly sought progress for the South.

Jim Batten, the reporter, would see two big stories in this study. The first is one of success: The distance the South has come in the past quarter-century — in higher wages, more jobs and further education — is stunning. But Jim Batten, the student of the South, would see both the legacy of old problems and the appearance of brand-new challenges.

MDC will miss Jim. We are not alone. But among those who will miss him the most are those who never knew he existed — the South's rural and inner-city poor who are now without his voice, passion and influence.

It is with admiration and appreciation for all that he taught and did that we dedicate this report, researched and mostly written in the year of his death.

Acknowledgments

This inaugural *State of the South* report was made possible by one corporation and three foundations that are committed to this region and its people. BellSouth Corporation, The Ford Foundation, Wachovia Foundation and Z. Smith Reynolds Foundation have long-standing interests in the economic progress of the region. Not only would this report be impossible without their support, much of the success the report chronicles would not have happened without their continued concern and commitment.

We are also indebted to staff members at the Economic Research Service of the U.S. Department of Agriculture for their assistance in retrieving unpublished Current Population Survey data. The ERS's John Hession, David Hopkins and Mark Nord provided essential help in the preparation of this report. Also, we thank *The Insider* and Nando.net for posting this report on the world wide web.

MDC offers special thanks to Dr. C.E. Bishop, project officer for this work. It is only the latest of a lifetime of favors he has paid MDC and the South.

Dr. Bishop began his career as a professor of Economics at North Carolina State University, where he became chair of the Economics Department. He served as vice president of the University of North Carolina system, chancellor of the University of Maryland, president of the University of Arkansas and president of the University of Houston. Ed Bishop served as executive director of President Lyndon Johnson's National Advisory Commission on Rural Poverty, which released the landmark study, *The People Left Behind*, in 1967. He was a member of the panel that released the 1986 MDC publication, *Shadows in the Sunbelt*, and he was chairman of the MDC group that wrote *Greater Expectations* in 1992.

Ed Bishop was an incorporator and founding board member of MDC in 1967 and has been a staff member at MDC since 1991.

Introduction

In the first of what we intend to be biennial analyses, MDC accepts the challenge to "tell about the South." Our focus has been old Southern stories — race, income and education. What we have to say can be summed up in a modern folk saying: "The South's not what it ought to be; it's not what it can be; but thank God it ain't what it used to be."

There are, as the saying implies, several Souths. There is the South of the past — the place of low wages, limited jobs and racial discrimination. There is the South that we find today, one that carries the burdens and enjoys the prosperity of being in the mainstream of the national economy. And there is the South-to-be — a region that has much to do in order to continue its recent success.

You will find all three Souths in this report. You will read about a South that has come a long way out of the poverty and discrimination that strangled our potential. And you will see a South that, having abolished Jim Crow, is approaching a time when the color of one's skin is less important than the content of one's education.

As this report documents, however, there are barriers — especially educational ones — in the way of further progress. Those barriers require the region's full attention. Those barriers are why Southerners, even in this, the region's golden age, are also living in an age of anxiety.

We do not recommend passive reading of this report. *The State of the South* is not something to be casually perused and then tossed on the living room table alongside the *TV Guide*.

The South's recent progress came out of action — out of millions of Southerners working in their communities. Consider this *State of the South* report a guide in those efforts, a handbook for Southerners who look at the achievements of the last generation and say, "Yeah, we've done good. But we can do better."

A note on data and analysis

It will be clear to the reader that MDC was ambivalent about including Texas and Oklahoma in the report. In the past, our reports have not included those states in our working definition of the South. But our current analysis shows that the economic destiny of the Sunbelt states is increasingly intertwined. Therefore, we have included the data on Texas and Oklahoma in the region we refer to as "the South" without including them in the aggregate of what we are now calling "the Southeast."

When MDC speaks of the "state of the South," it speaks in our frame of reference: the South's economy, its demography and the education of its people. We realize this leaves out much: crime, the environment, the arts, Southerners' health, the region's store of civic capital, to name but a few. Nevertheless, the economic health of our people and places is so important that it can be seen as a precondition to success elsewhere.

Most of the data in this report comes from the decennial Census (1970, '80 and '90), the March 1994 Current Population Survey and the Bureau of Economic Analysis in the U.S. Department of Commerce.

At certain points, the report uses data for the Southern Census region, which includes Maryland, Delaware and the District of Columbia as well as the states that MDC refers to as "The South." Where appropriate, the report notes Southern Census data. At other points, the report analyzes three subregions of the South: the "Atlantic South" (Virginia, North Carolina, South Carolina, Georgia and Florida), the "Inland South" (West Virginia, Tennessee, Kentucky, Alabama, Mississippi, Louisiana and Arkansas) and "Oklahoma and Texas."

The entire text, including charts, graphs and maps of The State of the South — along with information on other MDC publications — is available on the Home Page of The Insider, North Carolina State Government News Service, at http://www.nando.net/insider/insiders.html.

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Population

Booming — and aging

"This great growth of population is of wide importance for the story of the South...(I)t explains the perpetuation of the reservoir of surplus labor, which kept industrial wages low. And also it accounts for the fact that since the Civil War there had been a steady stream of emigration away from Dixie to the North and the West...."

— W.J. Cash in *The Mind of the South*, 1941

Writing of the early 20th Century South, W.J. Cash detected the tight link between demography and the economy. As the century draws to a close, shifts in its population makeup pose new challenges for the region.

Over the past quarter of a century, the South has grown — and along with that growth has come the development of major metropolitan areas with sprawling suburbs, big-league sports franchises and a surge in political power. During the 1970s and '80s, the South's workforce exploded with new migrants from the North and West, with minorities and women stepping up to their first opportunities at good jobs and with home-grown Baby Boomers coming of age. Now, however, the era of surplus labor is at an end, and the South finds itself with the task of preparing an aging workforce for the emerging new economy.

Today: growth and migration

Like a healthy teenager, the modern South has experienced a growth spurt. The region's population has increased so much that three states of the Old Confederacy now rank among the top 10 in the United States.

Since 1970, the Southeast's share of the national population jumped from 21.6 percent to 24 percent. Add in Texas and Oklahoma, and the regional share of the national population comes to one-third.

The two southern-most mega-states east and west of the Gulf of Mexico have led the way. By 1994, Texas had surpassed New York to become America's second most populous state, and Florida climbed from 9th to 4th among the states. North Carolina ranks 10th, and Georgia has pulled alongside.

But, while Atlantic Coast states, as well as Texas, have experienced robust growth, states of the Inland South have been notably sluggish. West Virginia lost population in the 1980s, while Louisiana and Kentucky grew by less than a percentage point — although evidence suggests the three are rebounding. *(see chart page 6)*

Population growth has concentrated in metropolitan areas. Instead of losing residents to the North and West as it did in previous decades, the South lately has experienced its own in-region shift from countryside to city, as well as to the sandy coasts.

Its major cities now have sprawling residential communities surrounding them. In all but four states, metropolitan residents outnumber nonmetro residents. Only Arkansas, Kentucky, Mississippi and West Virginia remain more rural than urban in population mix. *(see chart page 7)*

Regional growth has stemmed from several sources. One factor, as in the period Cash studied, has been births in excess of deaths. Another has to do with a historically remarkable reversal. The modern South has seen a reduction in out-migration, which at mid-century had the region exporting both its poor and its best educated. Now there is a significant in-migration: a return of young blacks to the land of their grandparents and an influx of smart workers from the Midwest and Northeast — and more recently from the rest of the world.

Two segments of the South have been left increasingly isolated, culturally and economically. The population shifts from rural to urban and from city to suburb have cut off the poor in both the inner city and in the countryside from avenues to prosperity.

Migration patterns have especially afflicted rural counties. In the '80s, when the economic health of the agricultural sector declined and many jobs disappeared from the mills and mines as well, counties along the

Southeastern coastal plain, in the mountains of Kentucky and West Virginia and across the Mississippi Delta suffered net out-migration.

While many rural Southerners seek the new jobs in and around cities, there is evidence of a new resurgence in the 1990s of in-migration to many rural counties — with the exception of the midsections of Alabama and Mississippi, the Delta and the Appalachian coalfields. *(see maps pages 8, 9, 10, 11)*

Tomorrow: an aging workforce

During the '70s and '80s, a large stream of better-educated young people entered the workforce and fueled the South's economy. What's more, the elimination of legal segregation in employment and marked improvements in the South's quality of life made the region more attractive to business and industry and to well-paid executives, highly skilled technicians and well-educated professionals. The South can still import smart workers, but for the next 15 years, it will have to compete in the global marketplace largely with the people already in its labor force.

The Southeast will grow from 64 million people to 74 million by 2010, and Texas from 18.5 million to nearly 23 million. But if the South appears headed toward another robust growth spurt, consider these trends:

- In 2010, the Southeast will have 800,000 fewer people age 20 to 45.
- The region will have 8 million more people age 45 to 64.
- Largely on the economic backs of these 8 million will rest support for 2 million more children and 3 million more elderly. *(see chart page 5)*

Members of the post-World War II Baby Boom generation have created a demographic "bubble" wherever they have been in the life cycle. The Baby Boom, of course, is not solely a Southern phenomenon, but the region will feel an especially heavy burden.

The 8-million-person "bubble" will amount to a substantial aging of the workforce. For these 8 million people, most of whom are already deep into their working lives, formal schooling is a long-ago experience. Some have sought reeducation, but the aging of the South's workforce will drive states — must drive states — to develop expanded education and training programs for their adult population. Smart workers will still move south, but states will incur economic and social costs if too many of their own people are consigned to being spectators, instead of participants, in the new economy.

With Georgia and Texas as exceptions, Southern states will have fewer residents in the 20- to 45-year-old cohort in the year 2010 than they do now. The region, thus, faces a sharp decrease in entry-level workers, making it

imperative that young adults have the education and training necessary to achieve high productivity.

Texas does not fit the Southeastern pattern in one significant respect. As a result largely of migration from south of the Rio Grande, Texas is expected to have an increase — not a decrease — in residents 20 to 45 years old in the year 2010, from 7.4 million now to 7.8 million in 2010. The Texas State Data Center projects that Hispanics will rise from 30 percent of the state's population in 1995 to 36 percent in 2010.

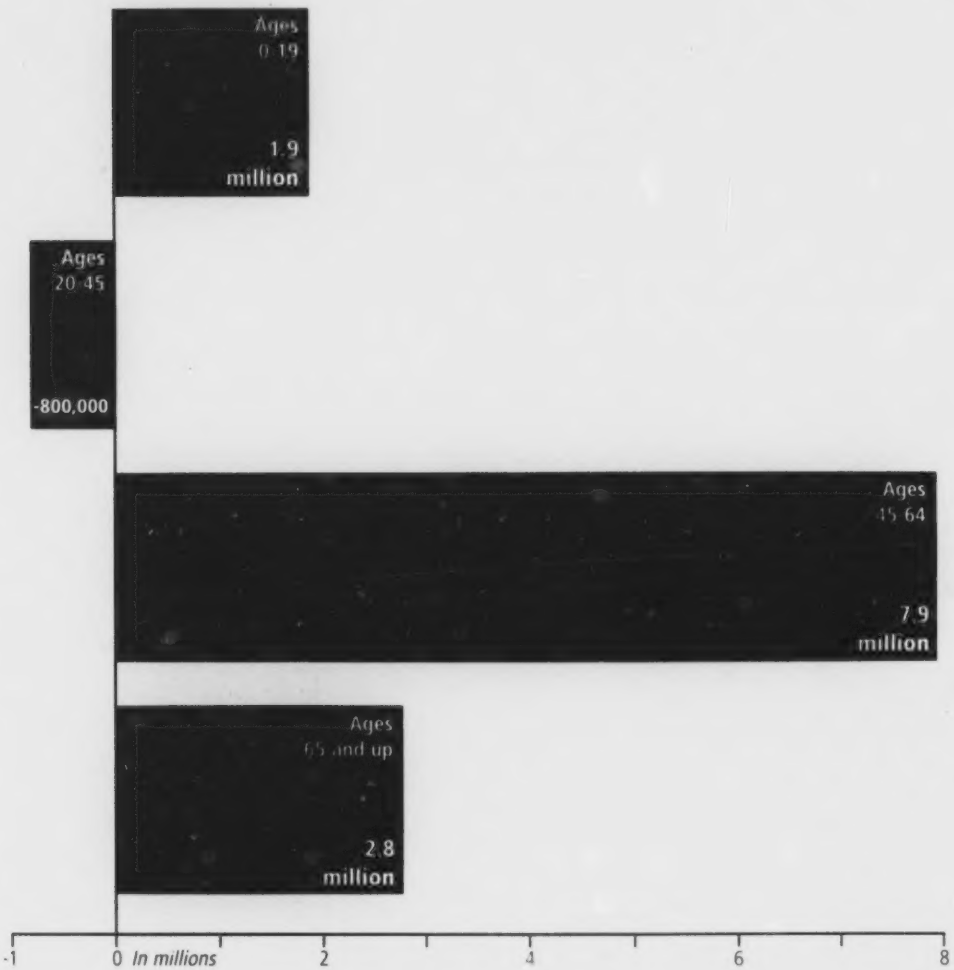
Aside from significant shifts in the working-age population, what else does the future hold? Like the nation as a whole, the South is expected to have a substantial increase in residents age 65 and above. Similarly, the region will also feel the effects of the so-called Baby Boom echo, forming a bulge in the school-age population over the next 15 years. The Southeast is projected to have 1.9 million more residents 19 years old and younger in the year 2010 than it does now.

Conclusion

On the heels of a remarkable period of population growth, the South confronts a new challenge. The region needs massive reeducation and retraining efforts to upgrade the skills of the emerging flood of older workers. New entrants to the labor pool must be dramatically better prepared.

Aging of the workforce

Population change — Southeast, 1993 - 2010



Source: Current Population Report P25-1111

Demographic changes present the South with a complex set of challenges: an increase in younger people requiring better education and older adults requiring health care, a decline in young adults who form the new entrants into the labor force and a huge bulge in mature workers whose skills must be upgraded to fit the emerging economy.

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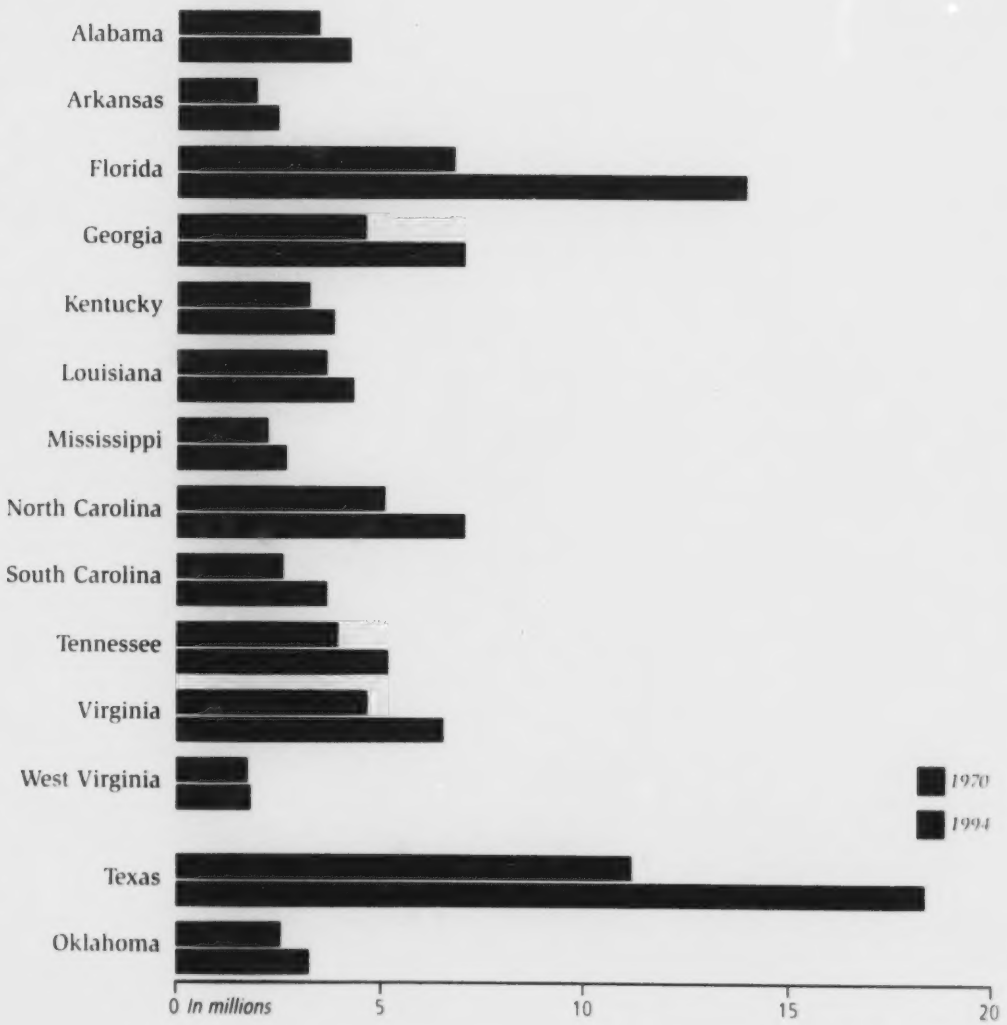
Growing more than U.S.

Population by state — 1970 and 1994

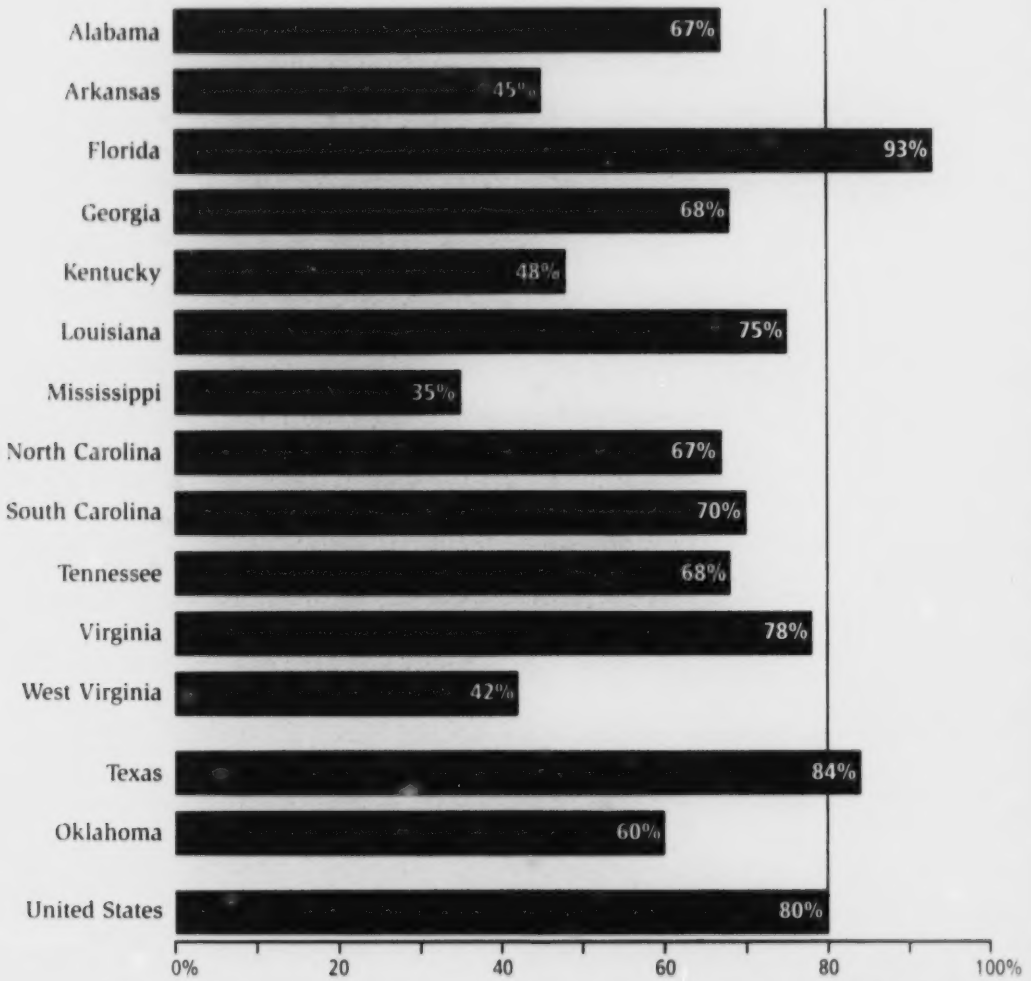


Source: 1995 Statistical Abstract

The South outpaced the nation in population growth. Texas and the Atlantic Coast states led the way, while Inland states grew less robustly. From 1970 to 1994, the Southeast's population grew by 43 percent (47 percent when Texas and Oklahoma are included), while the U.S. population increased by 28 percent.

Now more urban than rural

Metro population as a percent of state population, 1993



Source: 1995 BEA Regional Economic Information System

Historically a rural region, the South is now far more metropolitan. With the exceptions of Arkansas, Kentucky, Mississippi, Oklahoma and West Virginia, the South now has more than two-thirds of its people living in urban and suburban settings. The map at right highlights metro counties in the Southeast.

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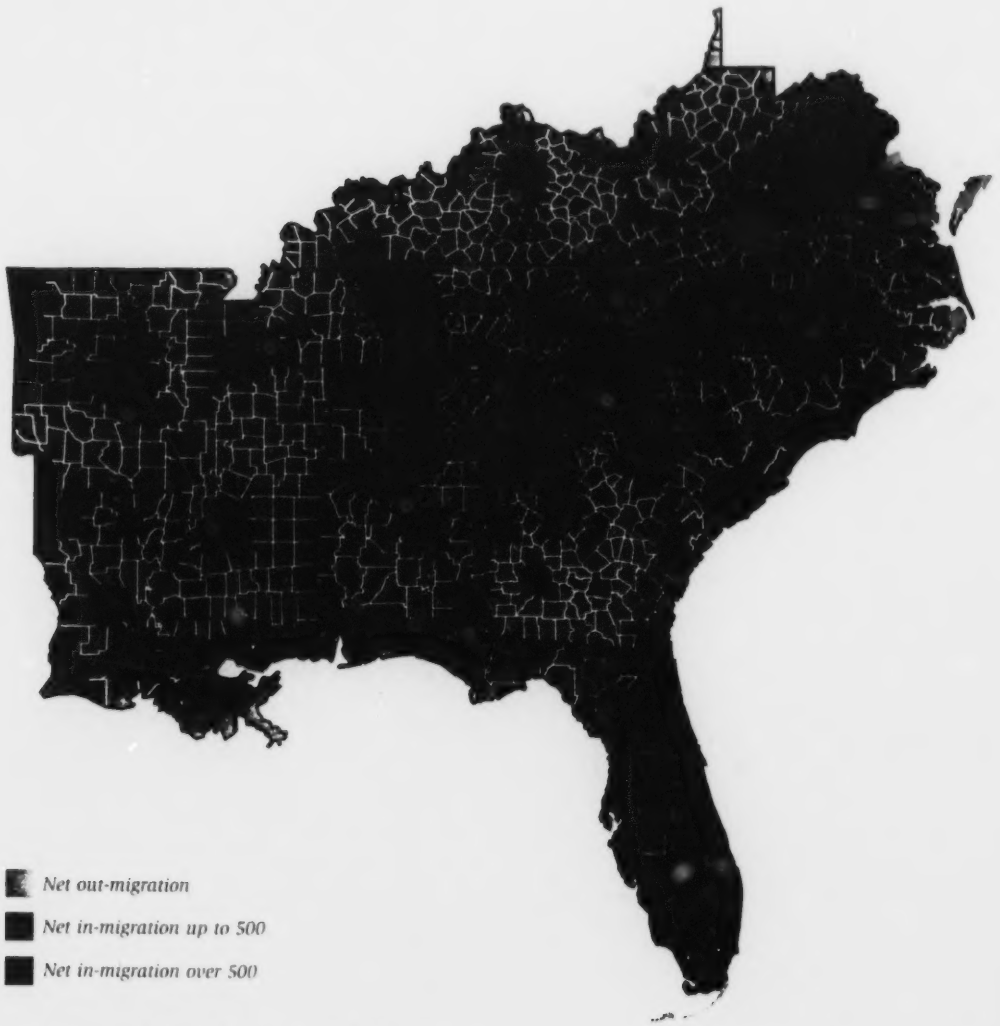
Rural South suffers a decade of losses

Average annual net migration — Southeast, 1980 - 1990



Source: Economic Research Service, Special Tabulation

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Signs of a return to rural South

Average annual net migration — Southeast, 1990 - 1994

Source: Economic Research Service, Special Tabulation

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Three decades of population ebb and flow

Annual population change — Southeast

1970 – 1980

Source: 1995 BEA Regional Economic Information System

The 1970s were marked by widespread growth, the 1980s by large losses in rural areas as agriculture declined and branch plants closed. The 1990s have been marked so far by a renewal of growth, though at an uneven pattern.

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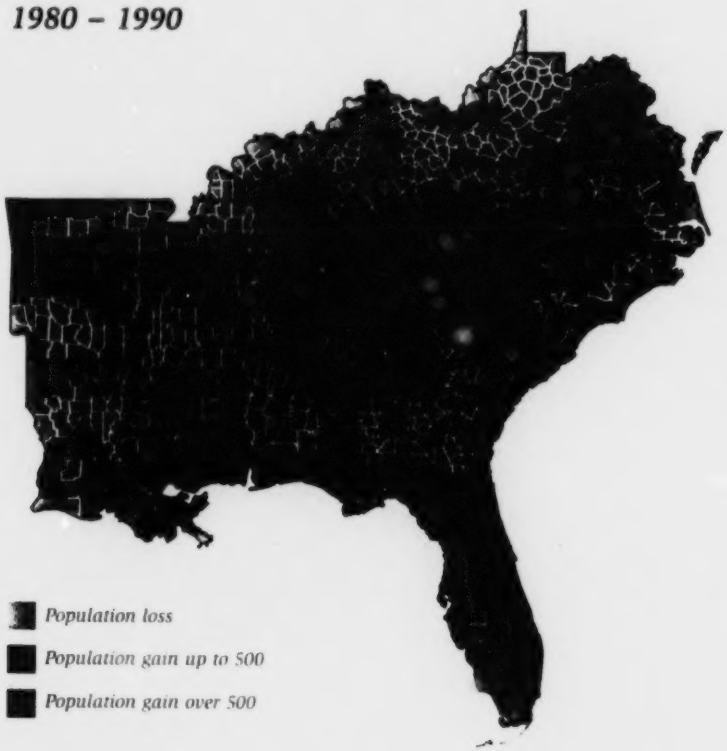
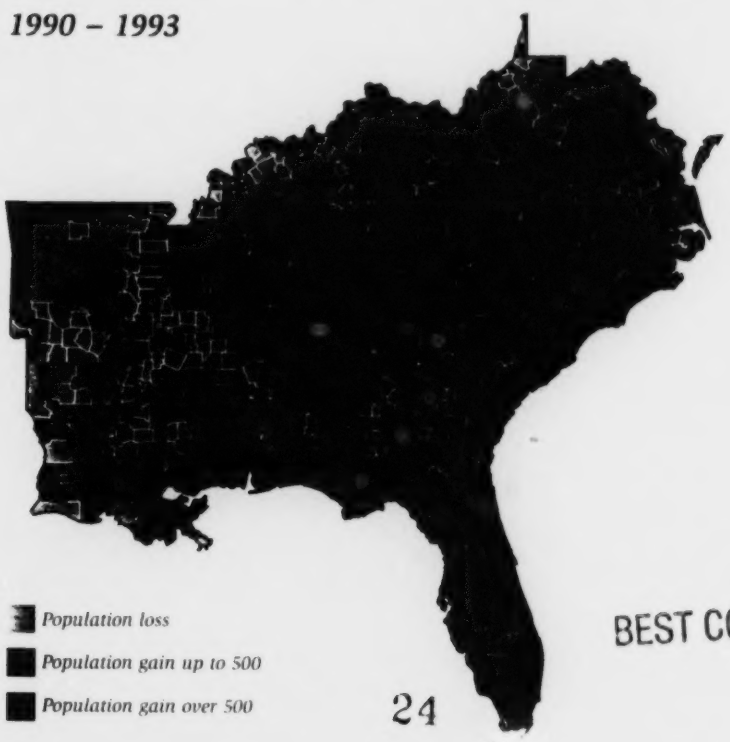
1980 – 1990



1990 – 1993



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Chapter 2

Jobs

Coming and going

"A man ain't nuthin' but a man, Before I'd let your steam drill beat me down, I'd rather die with my hammer in my hand." — *John Henry*, a folk song

And he did. John Henry died, with his hammer in his hand, because he couldn't make peace with change. To its credit, the South hasn't stumbled on John Henry's mistake. The last generation of Southerners embraced the future and changed their economy.

The Southeast added 14 million jobs since 1970 — at a rate that far outpaced the nation. These jobs are the product of a growing national economy and of factors that were peculiarly Southern. Within the region, the mix of industries changed. Fewer Southerners mine coal; more assemble automobiles. Almost nobody picks cotton; thousands work in laboratories.

Jobs in the South, particularly in manufacturing, continue to pay under the national average. And the pattern of new job creation favors urban regions and highly educated workers. Rural areas and people with few skills are seeing their prospects for prosperity fade.

Lots of winners

This 25-year record of job growth emerged in distinct, regional patterns. The substantial and sustained increases in new jobs during the '80s came in states along the Atlantic coast. This pattern shifted in the early 1990s, when Mississippi had the highest rate of growth, followed by Arkansas and Tennessee. *(see chart page 18)*

One way to measure the South's progress is to count the number of jobs (full- and part-time) relative to the number of working-age people. In 1970, the Southeast had 76.5 jobs per 100 residents from 18 to 64 years old, trailing the U.S. rate of 79. By 1993, the Southeast had improved to 87.5 jobs per 100 working-age residents, just below the national rate of 89.1. The gap has narrowed, but it still exists. *(see chart page 19)*

Again, though, there are differences among states. North Carolina, Tennessee, Arkansas and Virginia today have more jobs in relation to their working-age populations than the U.S. as a whole. West Virginia, Louisiana, Alabama and Mississippi have fewer.

Another way to look at job growth is to consider how many jobs provide earnings to support the entire population, not just working-age residents. Since 1970, the number of jobs per 100 people in the South has increased at a higher rate than the number of jobs per 100 people of working age. North Carolina, Virginia, Tennessee and Georgia have more jobs per 100 people than the U.S. average.

Growing in the cities

The South's dynamic job growth is concentrated in the cities. Of the 8.1 million jobs created in the Southeast between 1980 and 1993, just over a million could be found in the vast Southern countryside, where farmhands, mill workers and coal miners once worked. In a few states, just one or two metropolitan areas accounted for more than half their state's entire job growth between 1979 and 1993. While the metro Southeast grew jobs far surpassing the national rate, the rural South only matched national trends.

The rural South nevertheless continues to be the home of a large number of the region's manufacturing jobs: Nationally, 23 percent of these jobs lie outside cities; in the Southeast, the figure is 39 percent. Indeed, the growth of manufacturing jobs has remained strong in the rural South since 1979. *(see charts pages 20, 21)*

Mixing it up

Recent job growth within the Southeast varies by industry and occupation. Almost half the 8.1 million new jobs created since 1980 came in service businesses. Employment in wholesale and retail trade added 2.1 million jobs.

In the meantime, the Southeast has increased its share of the nation's manufacturing jobs. The region still has many factories producing apparel, paper and textiles, what economists call nondurable goods. But the region's growth is now tilting more toward jobs producing durables, goods such as automobiles, electronics and machinery. While manufacturing employment

Still Left Behind

The rural South isn't invited to the region's party of prosperity

The shifting patterns of job losses and gains do not fall evenly. For much of the rural South, the times ahead will be trying.

Counties in North Carolina and Kentucky dependent on tobacco income will see this economic base dwindle. As textile and apparel firms lose jobs to new technologies and foreign competition, the rural South and Appalachia will be most affected.

Rural tax bases will suffer. The funds needed to support the social infrastructure — the churches, rescue squads, community halls so important to rural counties — will shrink.

Couple those trends with reductions in health care and other federal spending cuts — which unconsciously but inevitably discriminate against sparsely populated areas unable to compete on economies of scale — and it's clear that the region's extraordinary development will continue to elude much of the rural South.

fell since 1980 in the rest of the nation, the region sported a net increase of 165,000 jobs. Most of this increase was in durable-goods manufacturing, particularly in the automobile, machinery and instruments industries. *(see charts pages 22, 26)*

At the same time, employment fell in industries with historic ties to the South — textiles, apparel, chemicals, oil and coal. The decline of these industries is displacing workers with traditional skills, such as the machine operators who worked the region's textile mills. Meanwhile, the emerging economy is not asking for workers with these traditional skills. Skilled machine repairers and workers who can master the demands of computer-controlled machinery will be in demand, not miners and machine operators. *(see chart page 23)*

The secret of success

For most of its history, the South grew at rates that lagged the nation. Now, the region is growing faster than the rest of the United States.

Most of the Southeast's rapid, 8.1 million job increase since 1980 can be attributed to the pull of the national economy. The nation grew and, naturally, so did the Southeast. But the power of the national economy does not explain all of the South's job bonanza: If jobs in the Southeast had increased at the national average, the region would have created only 6.1 million jobs, two million fewer than the number produced.

Moreover, this stunning job growth came despite the South's lingering reliance on traditional industries such as textiles, apparel and coal. In fact,

according to an MDC analysis, if industries in the Southeast had expanded at only the rate these industries grew nationally, the region would have lost 400,000 jobs from 1980 to 1993. If the South had danced only with the ones who brought us, the region would have been in trouble.

Something else — something that took place within Southern states and communities — produced 2.4 million jobs in 13 years.

What happened? Simply, the South improved its relative competitive position. Southerners in every state and in hundreds of towns and counties made changes that bettered their communities. They expanded airports and widened roads, enriched schools, diminished racial discrimination and created favorable climates for business. These state and local efforts, according to MDC's analysis, made it possible for the region to create 2.4 million jobs through expansions and new businesses from 1980 to 1993.

Like the nation, except in pay

The South's new economy is reflected in the changed distribution of employment. For example, in the Southeast, the number of apparel-making jobs declined by 60,000 from 1980 to 1993; the number of Southerners making automobiles increased by 75,000. The evolution of the Southern economy has produced an industrial structure much closer to that of the nation.

Finally, despite the impressive record of job creation, Southerners still receive lower wages than workers in the non-South. Southeast construction workers received wages that were only 79 percent of the non-South average in 1993 (up from 74 percent in 1970). Manufacturing workers earned at 77 percent (up from 74 percent in 1970). Service industry workers stood at 87 percent (up from 75 percent of the non-South rate in 1970).

Thinking ahead...

Projecting future employment is an art matched in certainty only by the 30-day weather forecast. Still, projections recently developed by the Bureau of Economic Analysis give Southerners a peek at a possible future.

Between 1993 and 2010, the BEA projects employment in the Southeast will increase by 9 million jobs — from 33 million to 42 million. Texas and Oklahoma are likely to add another 3 million. Half of the increase could come in services, especially business, health and social services. Work in wholesale and retail trade will produce 2 million additional jobs.

The Southeast will continue to add jobs in manufacturing, as growth in durable-goods industries (instruments and automobiles) offsets declines in traditional industries such as textiles and apparel. The total increase, however, is small — only 250,000 manufacturing jobs by 2010. *(see chart page 24)*

These trends in manufacturing, coupled with the growth of service industries, are drastically altering the mix of jobs in the Southeast. White-collar positions (managers, professionals, technical specialists and sales people) and service occupations are providing ever-larger shares of all jobs.

Meanwhile, growth in blue-collar occupations is slowing and shifting away from manufacturing, where restructuring is eliminating machine operators and tenders. Over the next decade, blue-collar openings are expected to be increasingly concentrated in construction trades, truck and heavy equipment operation and service industries. *(see chart page 25)*

...And thinking for a living

The economic landscape Southerners find in 1996 is uneven. Good news swirls into bad. Layoffs are announced on the same newspaper page as entrepreneurial miracles. Several trends, however, remain constant.

First, what states, cities and counties do matters. A lot. MDC's analysis shows that more than a fourth of the new jobs created in the South since 1980 exist because of favorable local conditions. States and cities that continue to invest in good schools and roads, that continue to improve race relations, will be rewarded with continued job growth.

Second, the South, especially the rural South, once added jobs by being a source of low wages and low-skilled workers. But jobs requiring few skills are disappearing even as their pay drops. The emerging economy is not asking for the kinds of workers the South has traditionally supplied.

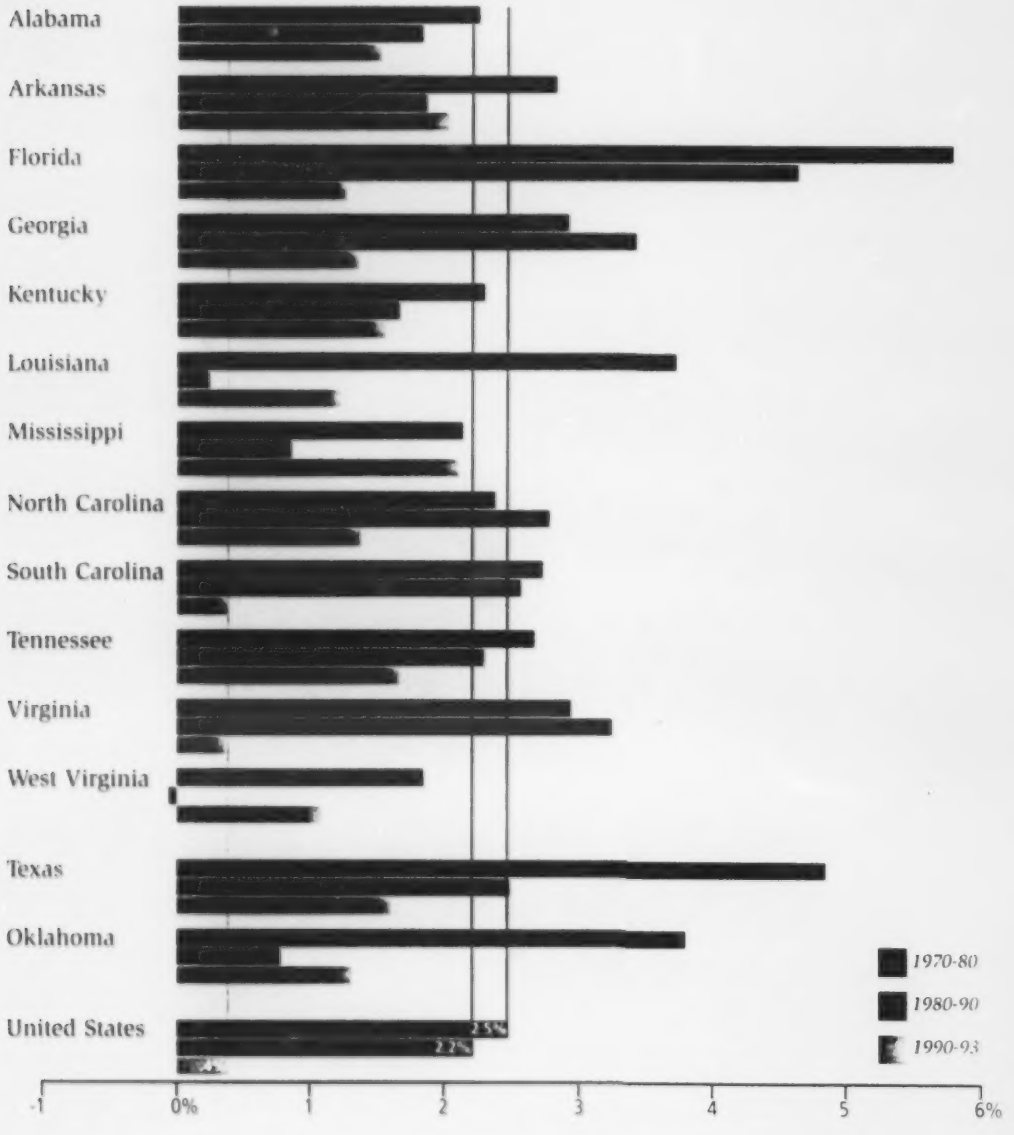
Jobs and higher wages will thrive in regions of highly skilled people. In the next generation, employment quality will determine a region's performance, not simply the number of paychecks its people cash.

Conclusion

The South's ability to create jobs has been prodigious but doesn't guarantee its future prosperity. As the economy turns away from traditional industries and their workers, the region will be forced to pay attention both to creating jobs and raising income if it expects further progress. Neither will happen unless the South educates its young and reeducates its older workers.

Lots of jobs, especially along the Atlantic Coast

Average annual employment growth — States, 1970 - 1993



Source: 1995 BEA Regional Economic Information System

The 1970s brought the South a growth spurt in jobs, but average annual rate of job growth cooled in the 1980s, although Virginia, North Carolina and Georgia exceeded their performance of the previous decade. As a rule, the Atlantic Coast states outpaced the Inland states until the early 1990s, when Mississippi and Arkansas took the lead. All but two Southern states grew faster than the U.S. in the early 1990s.

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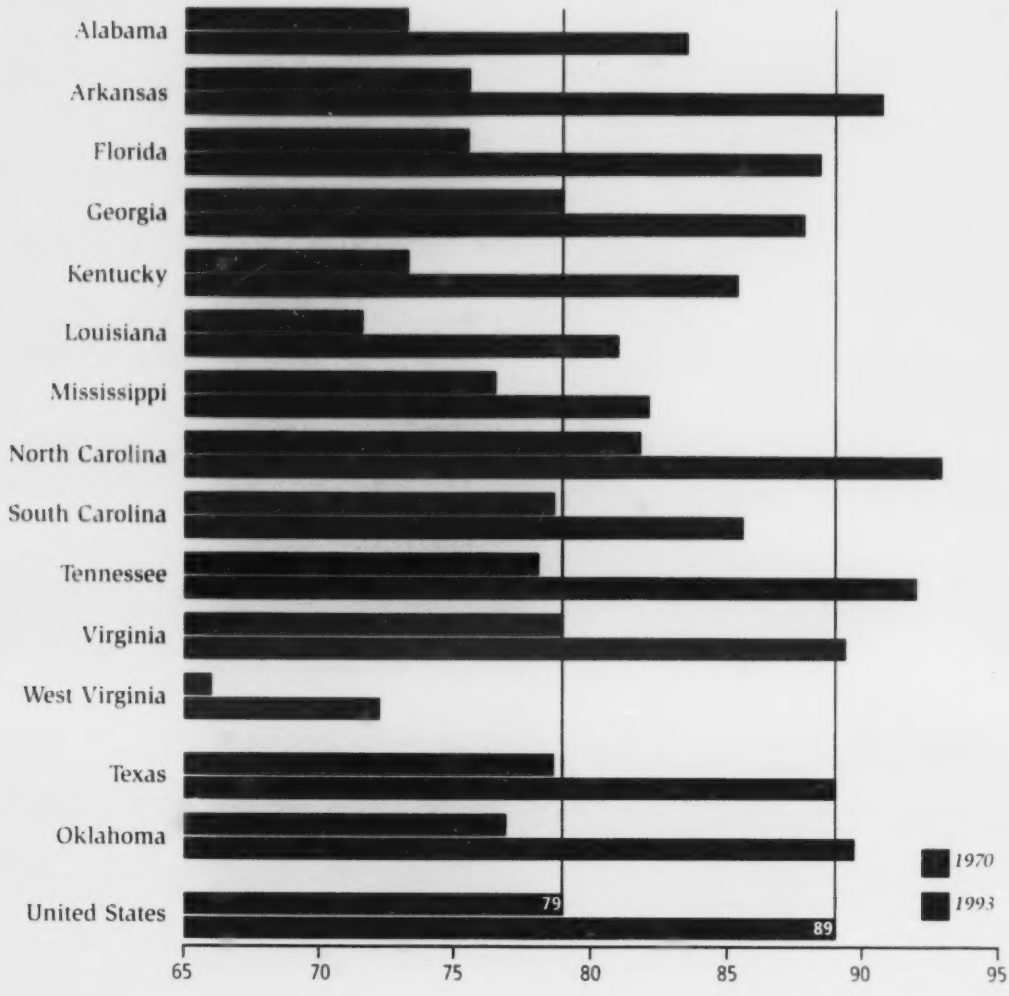
Jobs in the South mushroom

Jobs per 100 people age 18-64 — States, 1970 and 1993

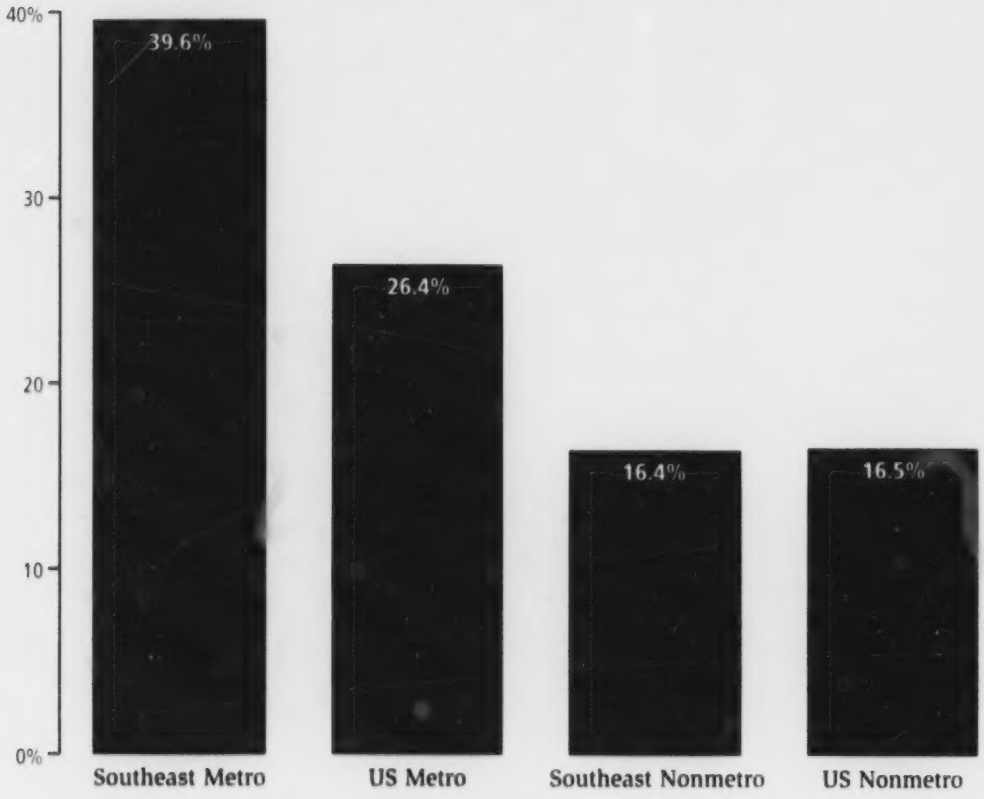


Source: 1995 BEA Regional Projections

All Southern states have more jobs in relation to their working-age population (age 18-64) than they did a quarter of a century ago. Several states — Arkansas, North Carolina, Tennessee, Virginia, Texas and Oklahoma — now match or exceed the U.S. rate of jobs per 100 working-age citizens.

Metro areas boomed

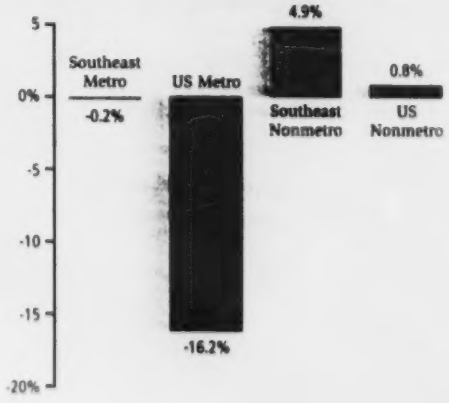
Rate of job growth in metro and nonmetro areas — Southeast and United States, 1979 - 1993



Includes all counties designated "metro" in 1995
Source: 1995 BEA Regional Economic Information System

Between 1979 and 1993, jobs in the metropolitan Southeast increased by an astounding 40 percent, much faster than metro employment growth nationwide. In the nonmetro Southeast, employment grew much more slowly — equaling the national nonmetro rate of 16 percent. In manufacturing employment, however, the rural South led the nation. Between 1979 and 1993, most of the nation's manufacturing growth occurred in the nonmetro Southeast. While metropolitan areas had a net loss of manufacturing jobs, the nonmetro Southeast expanded its manufacturing base by 4.9 percent.

Rural South leads the nation in manufacturing growth, 1979–1993



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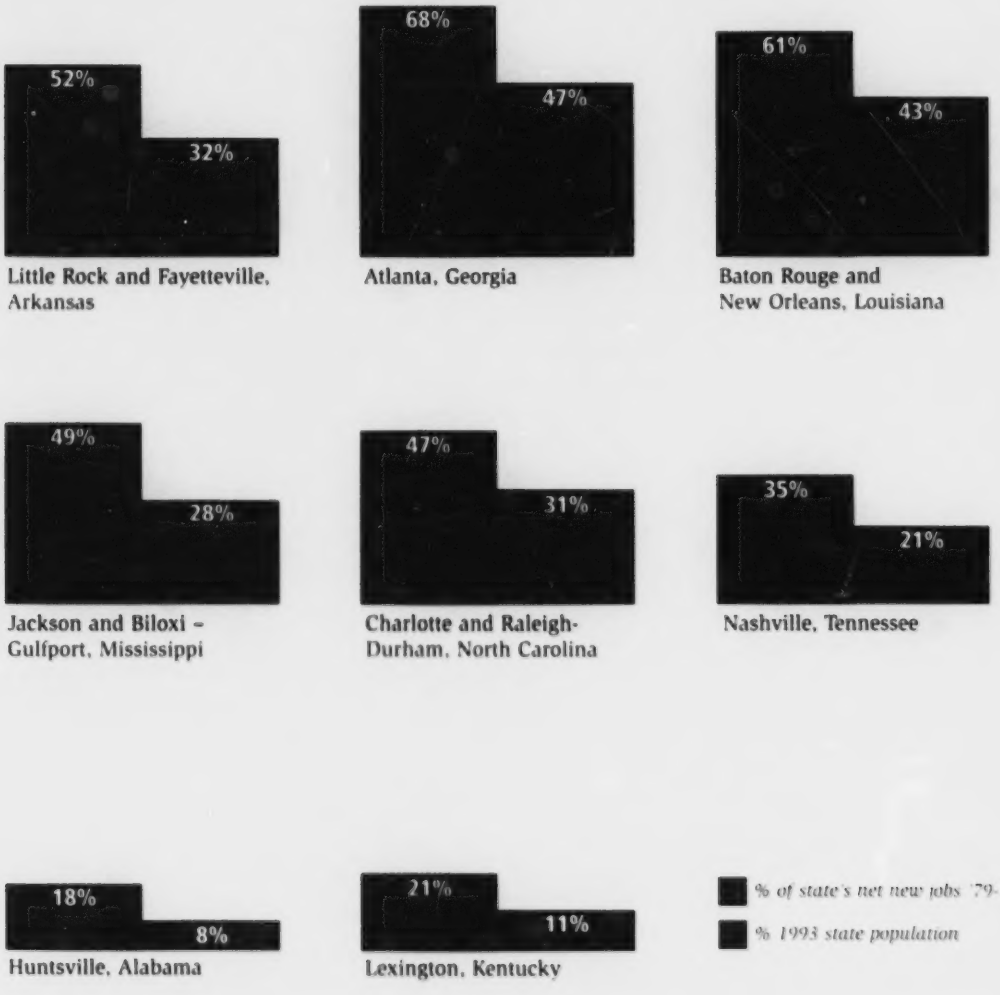
Cities are roaring engines of job growth

Job growth (1979 – 1993) compared to share of state population



Source: BEA Regional Economic Information System

In a few states, just one or two metropolitan areas accounted for more than one-third of their state's entire job growth between 1979 and 1993. The most striking example is Atlanta, home to 47 percent of Georgia's population but responsible for 68 percent of the state's net new jobs between 1979 and 1993.

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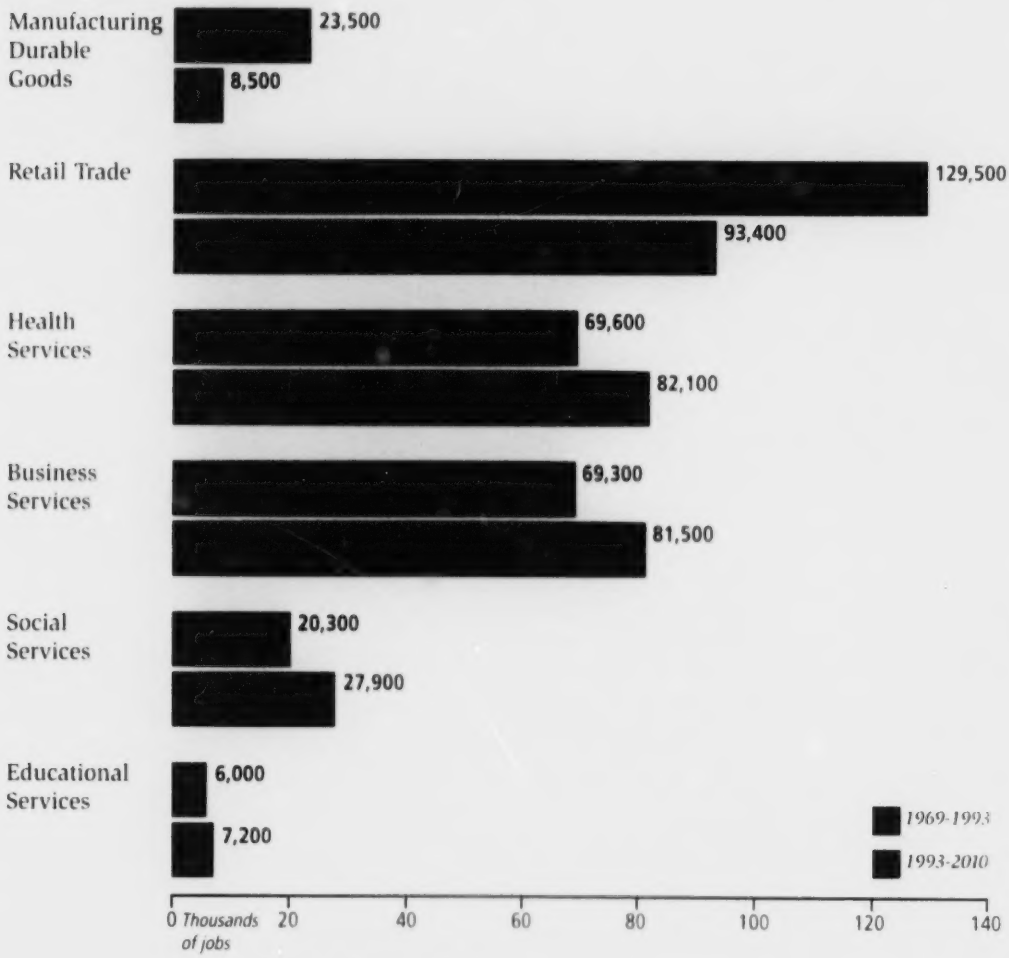
Where to look for a job...

Average annual employment change, actual and projected in growth industries — Southeast, 1969 – 2010



Source: 1995 BEA Regional Projections

Industries expected to create the most new jobs in the Southeast between 1993-2010 include retail trade, health services, and business services. These three sectors together account for 45 percent of all new jobs projected for the region during the two decades. Durable-goods manufacturing continues to grow, even as jobs in nondurable manufacturing decline.

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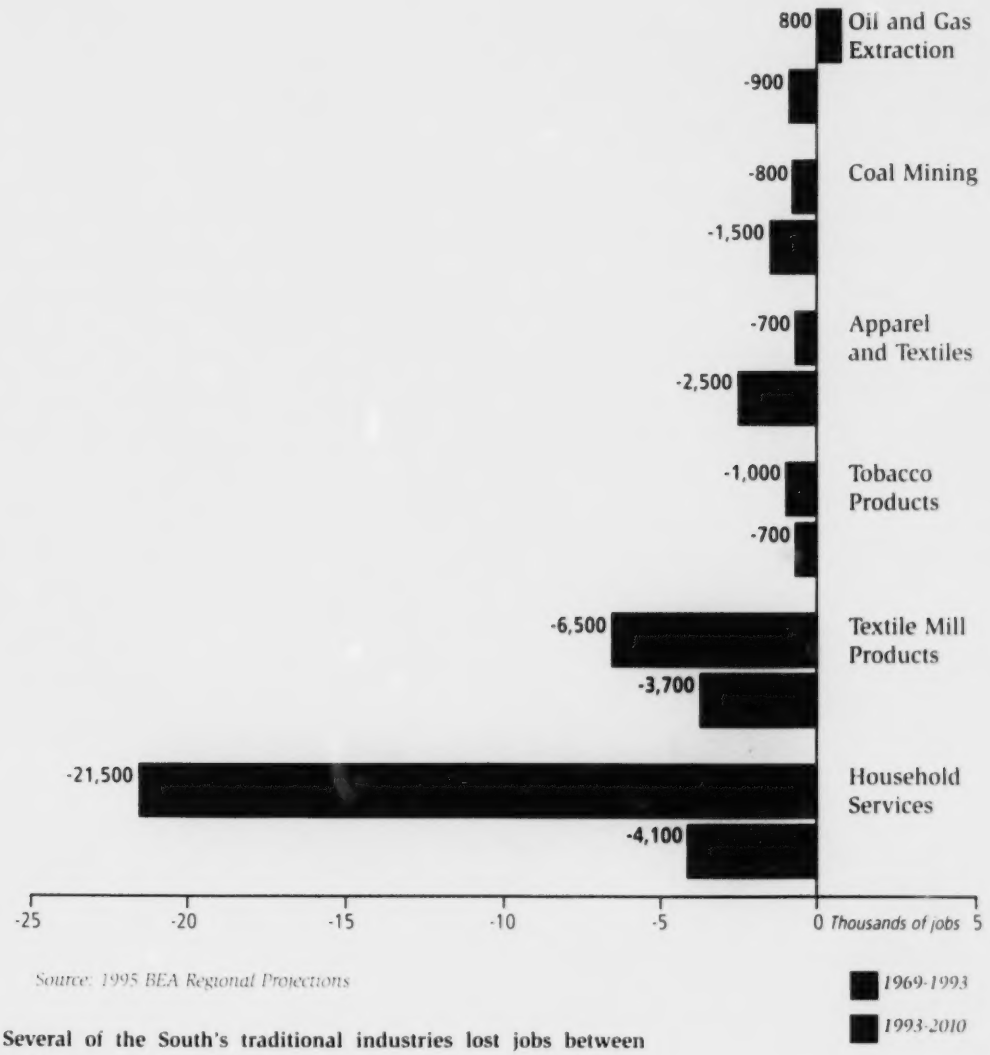
...And where not to look

Average annual employment change, actual and projected in declining industries — Southeast, 1969 - 2010

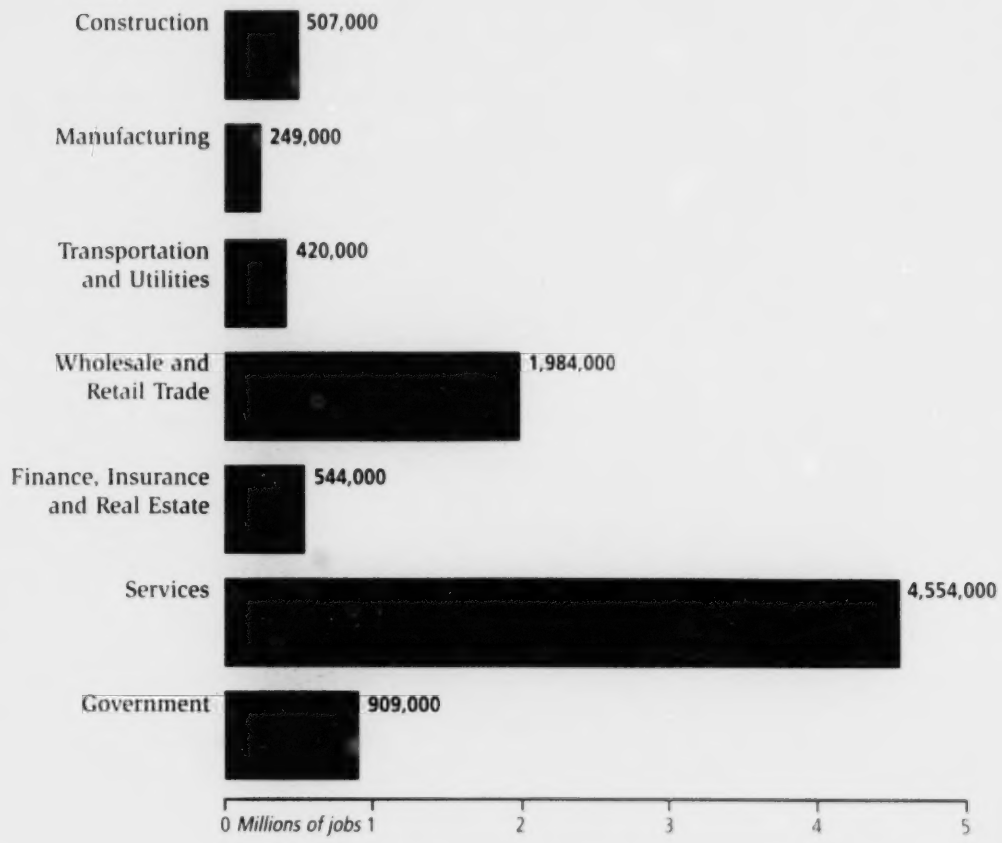


Source: 1995 BEA Regional Projections

Several of the South's traditional industries lost jobs between 1969-93, and this decline is projected to continue through 2010. Even larger than the job loss in traditional manufacturing sectors in the 1970s and '80s was the decline in household, mostly cleaning, service jobs, which are expected to continue shrinking.

Most new jobs will be found in services and trade

Projected growth in employment — Southeast, 1993 - 2010

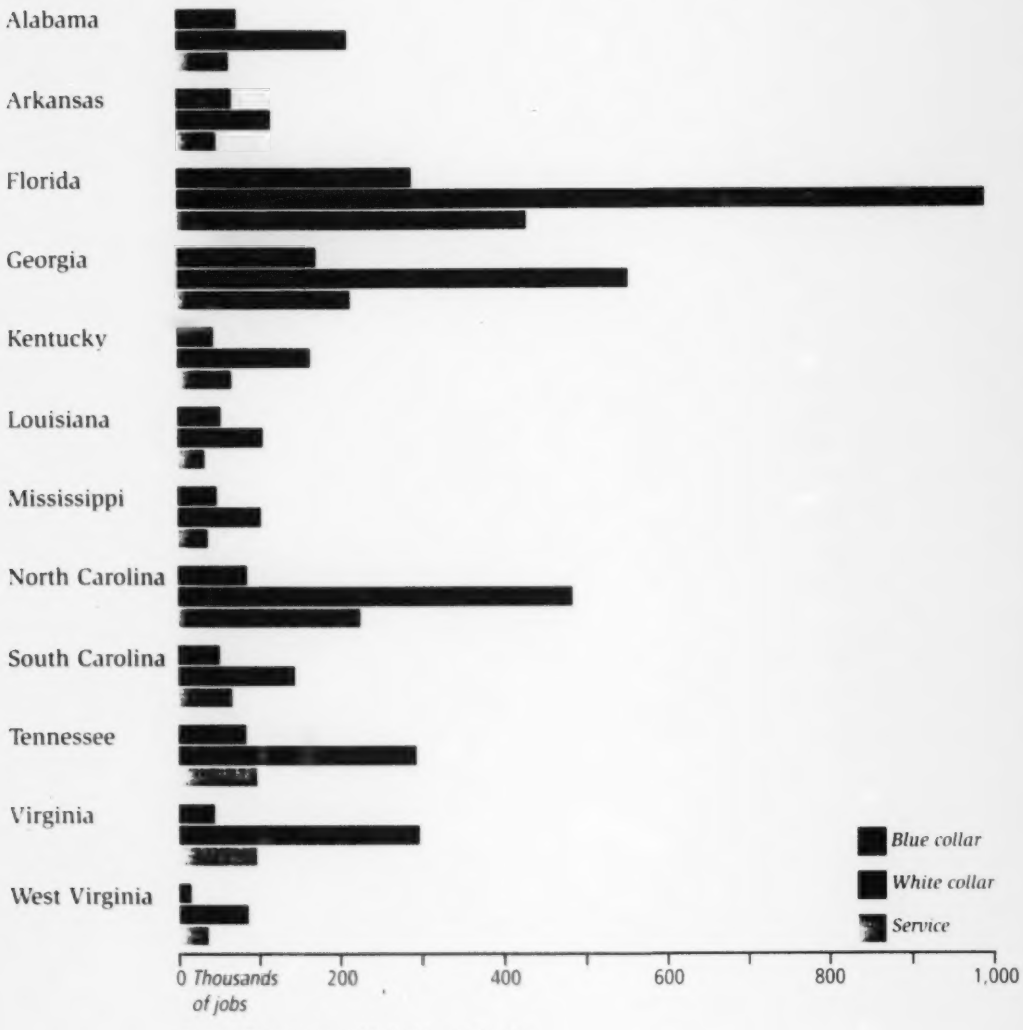


Source: 1995 BEA Regional Projections

Nearly three-fourths of the nine million new jobs projected for the Southeast between 1993-2010 will be in the service sector or wholesale and retail trade. Manufacturing, a mainstay of the Southern economy for many decades, will provide 250,000 new jobs.

Put on a white, or a new, collar

Projected job growth by occupation — States, 1992 - 2005

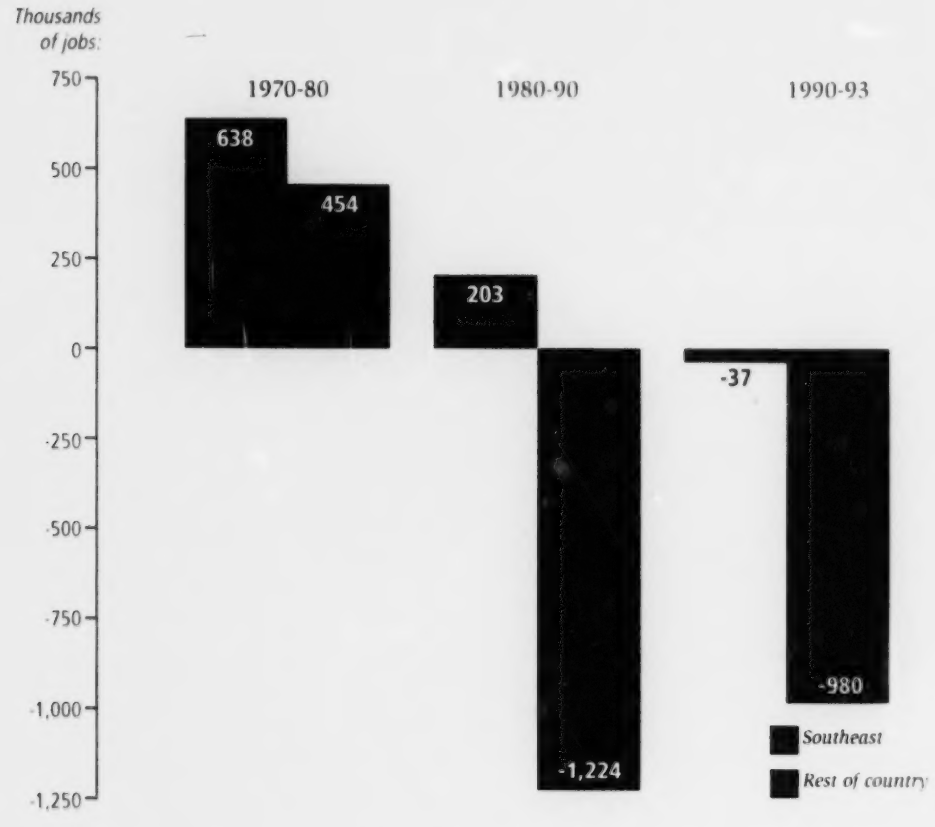


Source: Projections published by each state

Between 1992-2005, the Southeast expects 3,550,000 new white collar jobs, with the Atlantic Coast states plus Tennessee leading the way. White collar jobs include managers, professionals, technical specialists and sales people — all occupations requiring postsecondary education. Service jobs are expected to increase by 1,420,000, while blue collar jobs will grow by 1,029,000.

Manufacturing is concentrating in the Southeast

Net change in manufacturing jobs — Southeast and rest of country, 1970 – 1993

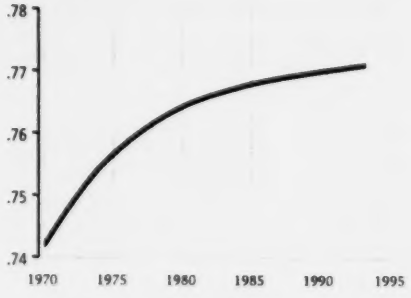


Source: BEA Regional Economic Information System

In the 1970s, the South outpaced the rest of the country in adding manufacturing jobs. In the 1980s, the South continued to increase its manufacturing jobs, while the rest of the nation plummeted. In the early 1990s, manufacturing declined everywhere — but much more severely outside the South.

Manufacturing wages remain low in the South — just 77 percent of the U.S. average. Since 1970 the wage gap between the South and the nation has closed somewhat, but most of the South's progress came before 1985.

Ratio of earnings per manufacturing job in the Southeast to earnings per manufacturing job in the rest of the country



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Chapter 3

Income

Know more, earn more

"Ain't got no money, cain't buy no grub, Backbone and navel doin' the belly rub."

— *Things About Comin' My Way*, Southern folk song

The pre-World War II economy of bone-numbing work, tenant farming and rampant child labor left the South's richest state poorer than the poorest non-South state. But historic shifts in the mosaic of employment — more jobs, better paying jobs, diversification of jobs — have contributed to a steady climb in the South's personal income, in real terms and in relation to the nation.

In looking at the region's history and the income prospects of its people, three characteristics distinguish the South from the rest of the country: structure of the economy, education and race. Increasingly, the Southern economy moves away from its reliance on low-wage, low-skilled jobs and toward the multifaceted structure of the national economy.

Race is the South's oldest, thorniest, most highly charged dilemma. It takes unusual care to sort through and make sense of what is happening to blacks in the economy — and that requires an examination of gender and family as well. Race still matters in economic mobility, but it appears to matter less these days than education, gender and family structure.

South and nation

At the end of the 1960s, the South's per capita personal income stood at 80 percent of U.S. per capita income. By 1994, the region had risen to 90

percent of the U.S. level, and Virginia ranked 13th and Florida 20th among the states in per capita income.

Atlantic Coast states, which have made vast progress over three decades, increasingly resemble the nation in personal income. And yet, several Inland states congregate near the bottom of the rankings, with Mississippi 50th, Arkansas 49th, West Virginia 46th in per capita income. *(see charts page 37)*

The South has a smaller percentage of households above $35,000 in annual income than the U.S. as a whole — with $35,000 serving as a general measurement of the presence of the middle class. The Atlantic states nearly match the U.S. in the percentage of households above $35,000. Texas and Oklahoma fall somewhat below the Atlantic states, and the Inland states fall well below the rest of the South. *(see chart page 38)*

Seen through the long lens of history, the South now has its widest base of affluent and middle-class residents, as well as a smaller proportion of poor people. And yet, viewed through short-range binoculars, the South, like the nation as a whole, has experienced a stagnation in the middle class and a growing gulf between rich and poor.

Income inequality, which has become more pronounced nationally, is slightly worse in the South than in the United States. Significant state-to-state differences emerge. Three states — North Carolina, South Carolina and Virginia — have a more nearly even income distribution than the United States. Seven states resemble the nation in the extent of income inequality. And four states — Louisiana, Mississippi, Texas and Kentucky — have significantly greater distance between their wealthy and their poor than the nation. *(see map page 39)*

Income, family and race

In the 1960s and '70s, the elimination of Jim Crow opened doors to schools and workplaces, and raised income for Southern blacks. The income of black Southerners increased at almost double the rate of Southern whites, even as whites' income increased faster than the national average. In the 1990s, race still matters, but economic generalizations on the basis of race are misleading. The chart on family income on page 33 offers insight into the complex mix of income, race, gender and family.

Note, on that chart, that after dramatic progress in the '70s, the income of Southern black married families has continued to converge with white family income.

By 1993, Southern black married-couple families had a median income of $33,000 — 80 percent of the median for non-Hispanic white

married-couple families. And black married couples with two earners had a median income of $41,000 — 86 percent of the median for white two-earner families.

This shrinking of the black-white difference is particularly significant. For Southern black married-couple families, the past two decades of rising educational attainment and expanded job opportunities have translated into higher income, and most are rooted solidly in the middle class.

If black two-earner families have moved to 86 percent of the income of similar white families, that, of course, leaves a 14 percentage-point gap. Does that 14-point gap represent present racial discrimination quantified? Not entirely. In terms of both access to education and connections to the labor market, blacks have shorter, weaker linkages than whites — a legacy of past discrimination.

The important point about the diverging lines in the chart on page 33 is who the people are. Most families represented in the top two lines have two incomes, and are better educated. The bottom two lines, representing all families, include a distressingly large component of single mothers, most uneducated.

The trouble is, Southern black married couples, who are doing well economically, represent only 49 percent of the region's black families. Nearly as many black families — 45 percent of the total — are headed by single women, whose median income was only $12,000 in 1993. The remaining 6 percent of black families are headed by single men.

By comparison, the vast majority of the South's non-Hispanic white families — 84 percent — are headed by married couples, most of whom have two adults in the workforce. The number of white families maintained by single women, while growing, represents just 13 percent of all non-Hispanic white families. And because of their higher education and stronger connections to the job market, white single-mother families have a median income of $22,000, nearly twice that of black single women.

It is in large part because of these differences in family structure that there is a dramatic difference in the overall income distribution of black and white families. In the South as well as the nation, more than one in three black families has less than $15,000 in annual income; barely one in seven white families falls below that level. Nearly one in three white families has annual income of more than $50,000; barely one in seven black families rises above that level. *(see chart page 40)*

In 1969, the median income of black families stood at 57 percent of the white-family median; by 1993, black families had dropped to 53 percent of the white median. Over that period, despite the substantial progress made by Southern blacks in education and the labor market, the black-family median rose only marginally, from $19,700 to $20,400 (expressed in 1993 dollars). The white-family median climbed from $34,600 to $38,100.

Single mothers, singular difficulty

Single-parenthood is a social phenomenon with long-lasting economic consequences. Divorce has contributed to the phenomenon, but especially dramatic has been a surge in out-of-wedlock births since 1980, with the South having a higher proportion than the nation. In Louisiana and Mississippi, out-of-wedlock births represented 40 percent of all births in 1992. Fifty-two percent of Southern black families with children and 17 percent of white families with children are headed by single women. *(see chart page 41)*

Most single mothers work, and most manage to keep themselves and their children out of poverty. These single mothers bear the burden of a double disadvantage: They get by on one income, and women's incomes typically trail men's incomes. Consequently, a large — and growing — segment of single mothers lives in poverty, even when they hold a job. In every Southern state, except Virginia, the 1990 Census reported, more than 20 percent of all single mothers who worked did not hoist their families out of poverty.

Teenaged mothers — many of whom drop out of school — are most at risk of a life in poverty. The South has a higher proportion of births to teenagers than the United States. In seven Southern states, more than one of every five babies are born to teenaged mothers, who are less likely to obtain adequate education and less likely to get well-paying jobs.

Earnings gaps persist

Not long ago, job training in the South amounted simply to teaching workers to show up at the job site on Monday and follow instructions. Now, however, the modern high-tech, communications-oriented economy requires employees to show up for work with a high school diploma — or better yet, a college degree — in hand and to come prepared to think and reason, compute and collaborate.

Today's workplace requirements translate into higher pay for Southerners with postsecondary education and into shrinking — or at best stagnant — pay for those who lack education and training beyond high school.

Consider earnings for those who work full-time, year-round in the Southeast: In 1993, a high school dropout earned an average of $16,700, a high school graduate $21,400, a worker with one to three years of college $26,000, a college graduate $39,800. Add in those who worked part-time or in seasonal jobs, and the differences in earnings are magnified. More and more people with a high school education or less fail to find full-time, year-round work. *(see chart page 36)*

In an economy that rewards education more than ever and discriminates against the uneducated and their children, earnings are rising for workers with postsecondary education even as they fall or stagnate for those with no education beyond high school. Across the board, Southerners with undergraduate, graduate and professional degrees posted substantial gains in real earnings in the 1980s. The real earnings of Southerners with a high school education or less stagnated or declined over the same period. The Southern pattern of earnings in relation to educational attainment parallels the national pattern.

It has become clear that an enormous economic divide separates Southerners who have education beyond high school and those who do not. For whites and blacks, males and females, earnings increase rapidly as education increases — and more so now than 20 years ago.

However, it is also clear that education alone has yet to close the earnings gap between blacks and whites in the South, or between men and women. As the chart on page 34 makes clear, women, whatever their race or education level, are doing worse than men. Black women continue to have lower earnings at every education level. A black woman with 1 to 3 years of college, working full-time, year-round, earns less than a white man who dropped out of high school. White women also fall short of reaping the full economic benefits of education, although their earnings have been rising faster than any other race-gender group. Research has shown that women's lower earnings stem from the fact that most women work in female-dominated occupations, which pay less than mixed or male-dominated occupations.

At the upper end of the education spectrum — for persons with a bachelor's degree or more — the incomes of white women, black men and black women lag well behind that of white men. For example, college-educated white male Southerners working full-time earn on average $46,400 — $11,000 more than black men with comparable education, $15,000 more than white women, and $18,000 more than black women.

Such racial and gender gaps within the college-educated segment of society are testimony to the persistence of cultural barriers. These gaps also have to do with the reality that for many blacks and women expanded opportunities in education and occupations came only in the past generation or so; their lower earnings in comparison to white men reflect their relatively recent access to higher education and higher-paying jobs.

Even as cultural barriers linger, something else has happened in the economy, in the South and in the nation: The income of uneducated white males is slipping, and the income of white males with a high school diploma has stagnated. Taken together, the charts on pages 33, 34 and 35 begin to explain today's racial friction in the face of diminishing discrimination in the labor market. Undereducated white men nettled by declining or stagnating incomes blame affirmative action rather than their lack of education; undereducated blacks blame racism rather than lack of education and the surge in single-parent families.

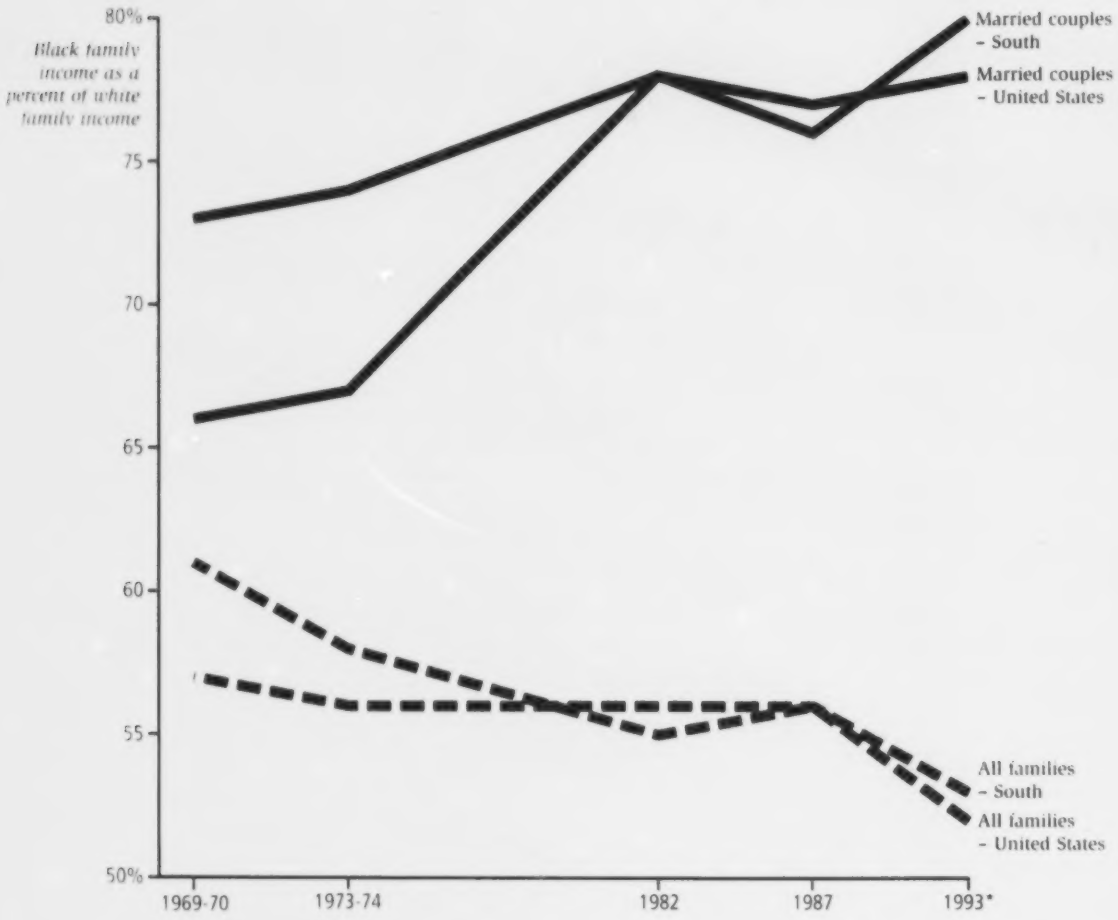
Over time, racial and gender gaps should continue to narrow as more blacks and women earn bachelor's, graduate and professional degrees. It is in the South's self-interest to work toward that end.

Conclusion

Demographic trends and inadequate education threaten the South's march to prosperity in an economy that increasingly discriminates against the uneducated and single-parent families. Education beyond high school becomes ever more critical to the economic well-being of Southerners.

In the South, some glasses more than half full, some still half empty

Southern Census Region and United States



*1993 figures compare black families to non-hispanic whites. In other years, the percent compares blacks to all whites.
Source: Current Population Reports P20-480, P20-442, P23-54

This chart plots black family income as a percentage of white family income in the South and the nation from 1969 to 1993. In both the South and nation, the gap between black and white incomes for married-couple families has narrowed — and the narrowing is even more pronounced in the South. For two-earner couples, black families now reach 86 percent of the income of white families. For all families, however, the black-white gap has widened.

1993 Median Income, Southern Census Region

	Black	*White*	*Black as a % of white*
All families	$20,365	$38,095	53%
Married couples	$33,269	$41,653	80%
Married – two-earner family	$41,473	$48,299	86%

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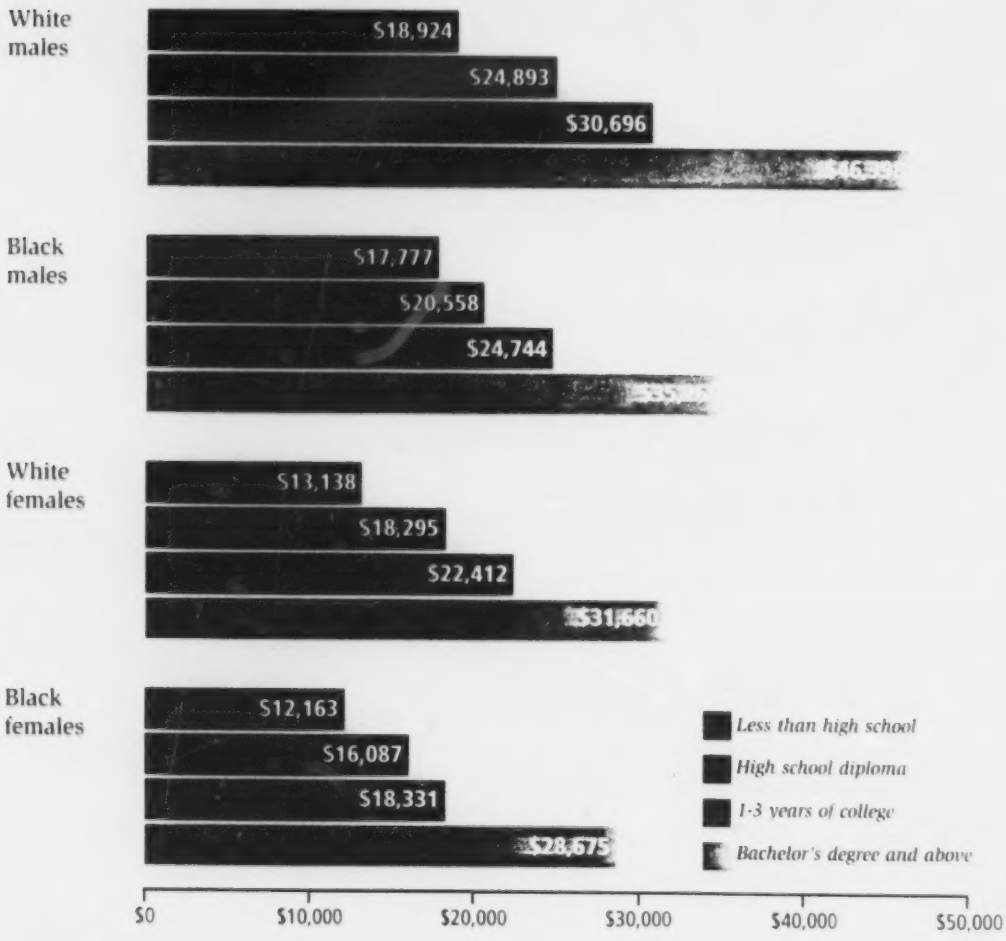
Glass ceiling evident for women and blacks

Average earnings by educational attainment, race and gender, full-time, year-round workers in Southeast, 1993



Source: March 1994 Current Population Survey

Education alone does not bridge gender and racial gaps. At every education level, women who work full-time, year-round earn less than comparable men, and black men earn less than white men.

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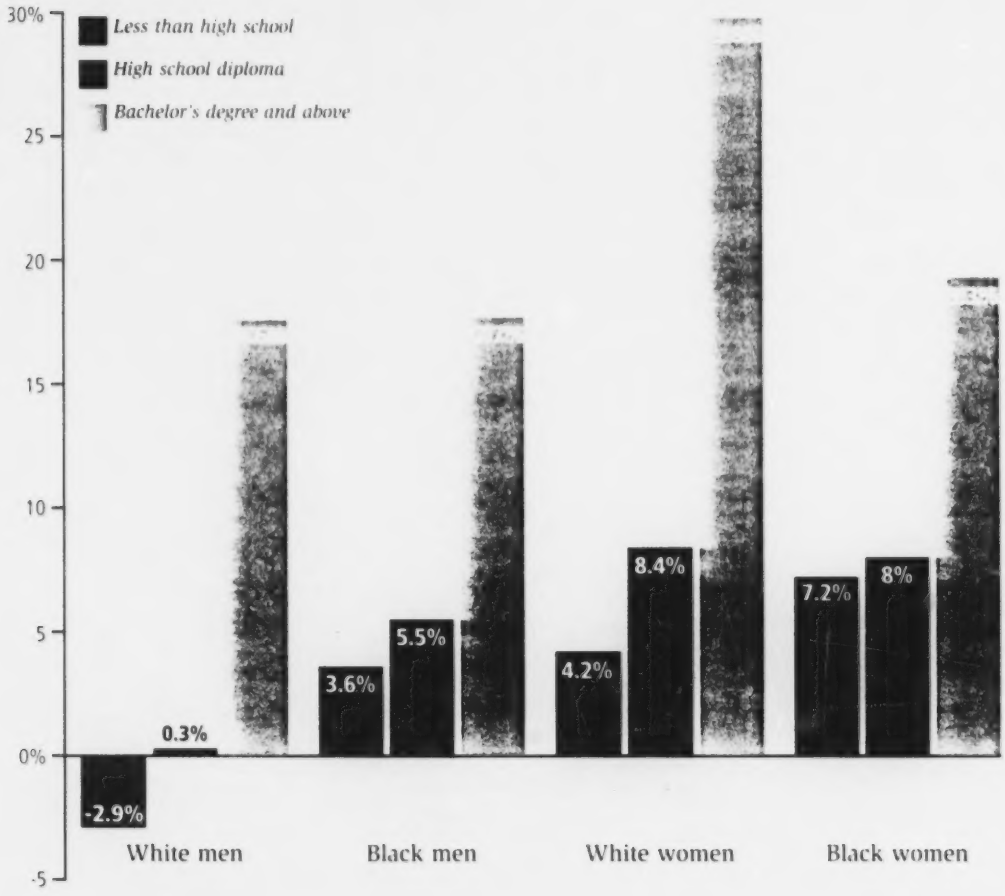
Education payoff increasing

Percent change in average real earnings by educational attainment, full-time, year-round workers — Southeast, 1979 - 1989



Source: Decennial Census

During the 1980s, workers with a high school diploma or less saw their real earnings stagnate or decline. Those with four years or more of college posted significant gains in earnings. Earnings rose most rapidly for white women with college education. They fell most sharply for white men lacking a high school diploma.

Earnings for all full-time, year-round workers (in constant 1989 dollars)

	South 1979	*South 1989*	*South %change 1979-89*	*U.S. %change 1979-89*
Less than high school	$18,729	$18,514	-1.1%	-3.7%
High school diploma	$21,091	$21,428	1.6%	0.1%
1-3 years college	$24,566	$25,720	4.7%	4.6%
Bachelor's degree and above	$37,124	$43,278	16.6%	16.5%

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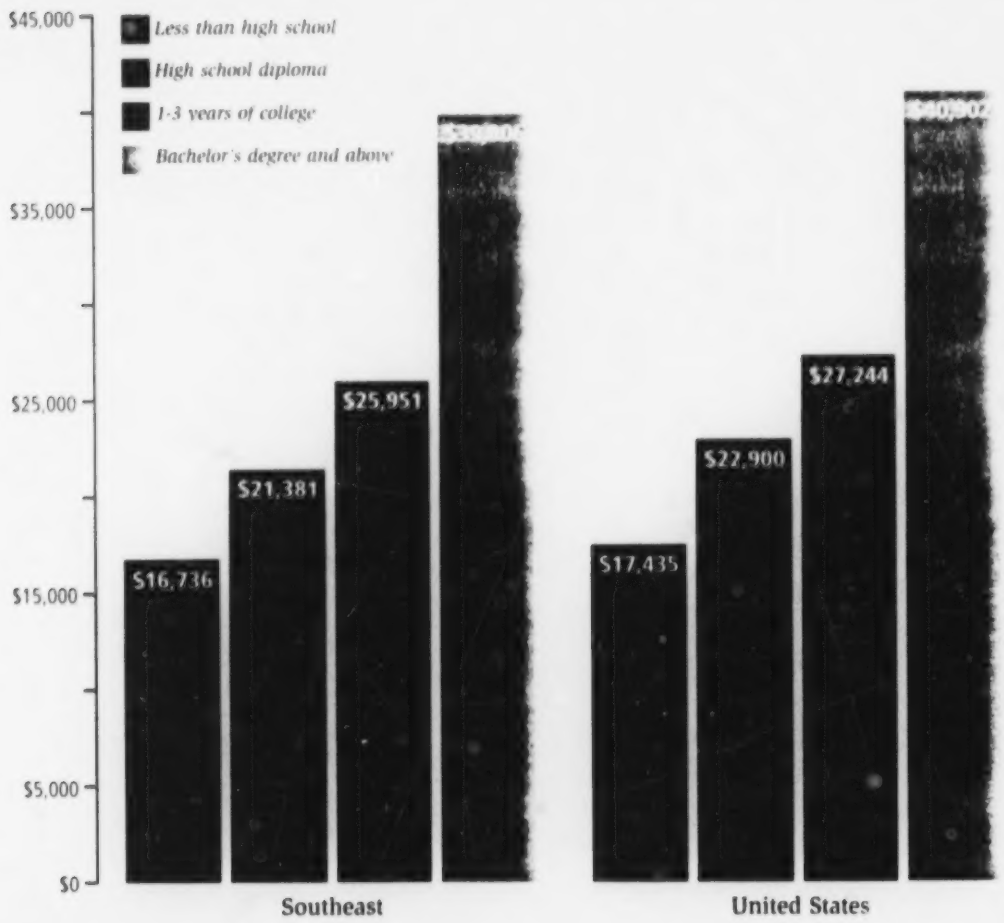
Higher education, higher earnings

Average earnings by educational attainment for full-time, year-round workers — Southeast and United States, 1993



Source: March 1994 Current Population Survey

Education makes a big difference in a person's earning power, as shown by this comparison of average earnings by educational attainment for full-time, year-round workers in the Southeast and U.S. in 1993.

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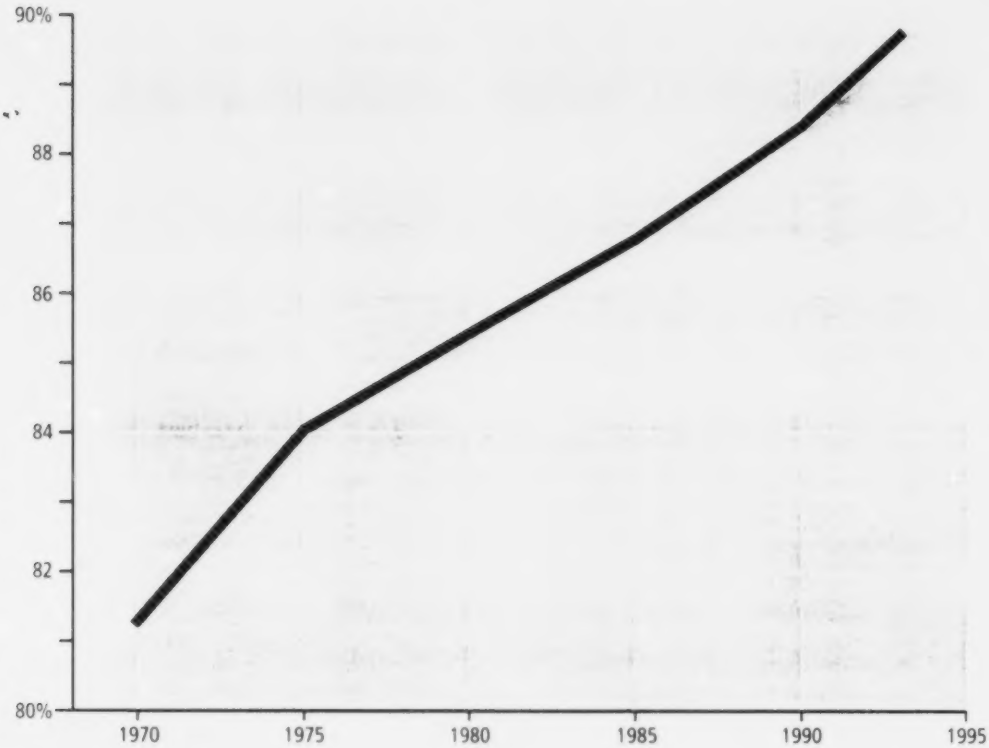
Southeast moves closer to U.S. per capita income

Per capita personal income — Southeast as a percentage of United States, 1970 - 1993



Source: BEA Regional Economic Information System

Since 1970, the Southeast has been catching up with the nation in per capita personal income, but it has only reached 90 percent of the U.S. level. Seven states still rank in the bottom 10.

But several states rank low

	1994 PCI	*National Rank*
Virginia	$22,594	13
Florida	$21,677	20
Georgia	$20,251	30
Texas	$19,857	32
North Carolina	$19,669	33
Tennessee	$19,482	36
Alabama	$18,010	40
Kentucky	$17,807	42
Oklahoma	$17,744	43
South Carolina	$17,695	44
Louisiana	$17,651	45
West Virginia	$17,208	46
Arkansas	$16,898	49
Mississippi	$15,838	50
United States	$21,809	

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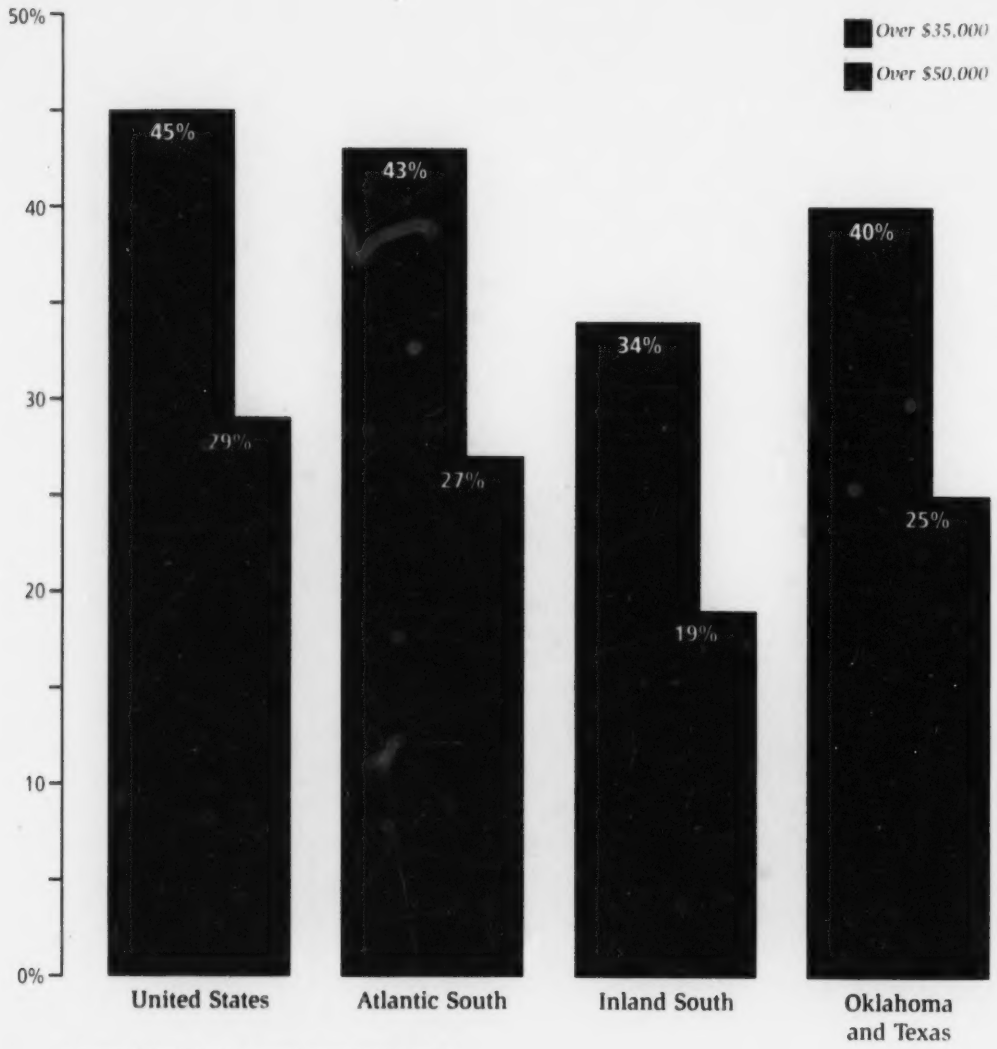
Affluence tilts toward the Atlantic

Households with income over $35,000 and over $50,000 — Southern regions and United States, 1993



Source: March 1994 Current Population Survey

In 1993, states along the Atlantic seaboard nearly matched the nation in the percentage of households with annual income above $35,000 and the percentage with income over $50,000. Inland states, however, had only one in three households above $35,000 and only one in five above $50,000.

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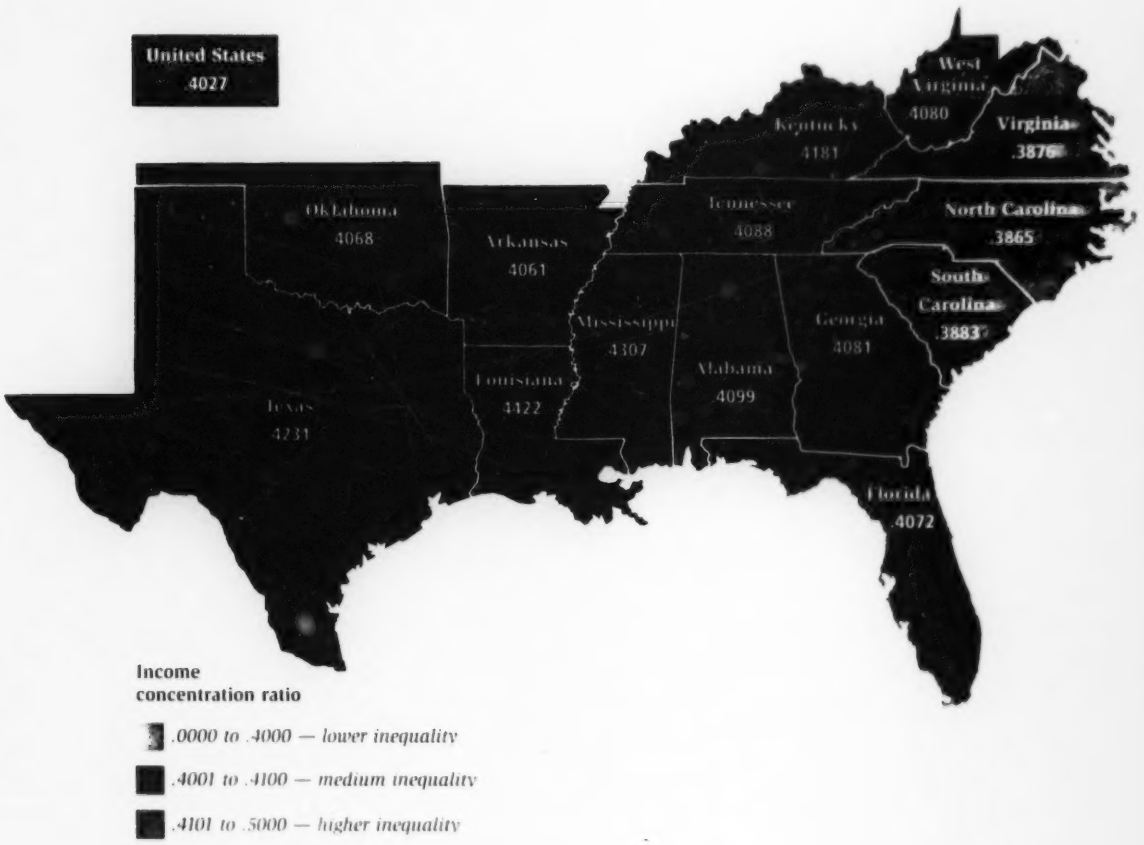
Income inequality uneven among states

Income inequality index for families in 1989



Source: Calculated by MDC from Decennial Census

Across the nation, income inequality has widened, with rich families gaining a higher percentage of total income. In the South, three states have more nearly equal income distribution than the nation, seven approximate the nation and four have a much greater disparity between rich and poor.

The income inequality index was calculated using family income data from the 1990 Census. The index rates the nation and the states on a scale from 1 to 0, where 1 indicates that all income is held by a single family and 0 represents income distributed equally among the entire population. Therefore, the lower a state's index number the less disparity between rich and poor.

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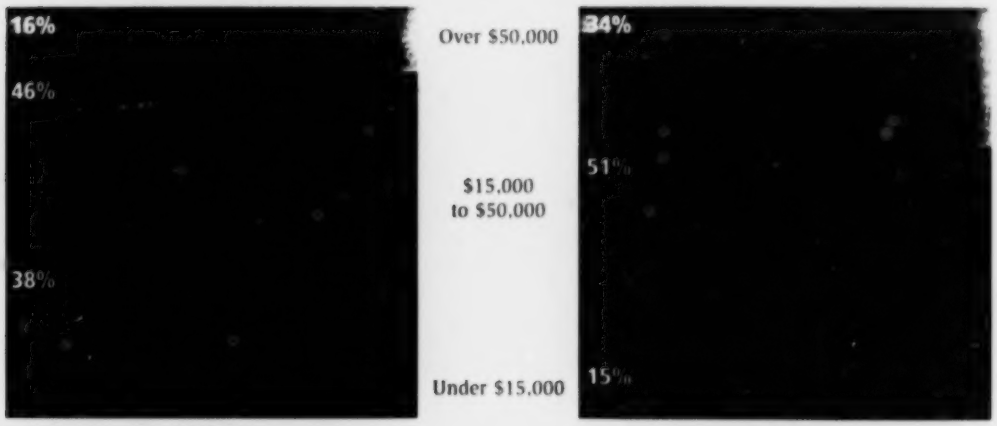
Mirror images of black, white family income

Family income distribution — Southern Census Region, 1993



Source: 1995 Statistical Abstract of the United States

In 1993, three in 10 white families in the Southeast had incomes of $50,000 and above, while only one in seven had incomes below $15,000. Meanwhile, more than three in 10 black families had incomes below $15,000, while roughly one in seven had incomes above $50,000.

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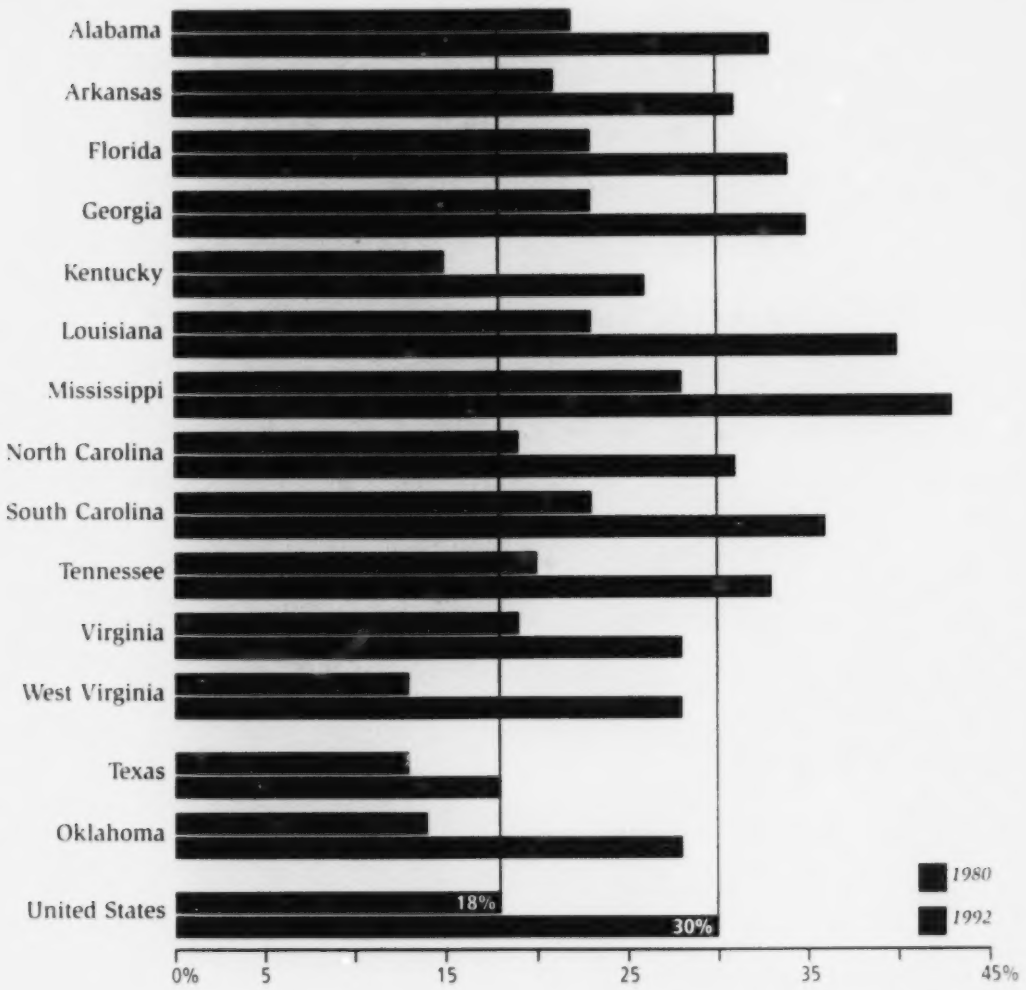
More births to unmarried women

Births to unmarried women as a percent of all births — States, 1980 and 1992



Source: 1995 Statistical Abstract of the United States

Across the South and the nation, births to unmarried women as a percentage of all births have jumped markedly from 1980 to 1992. Nine Southern states exceed the national rate.

Chapter 4

Poverty

Still casting shadows

"The South's people want and need houses, radios, butter, beef, vegetables, milk, eggs, dresses, shirts, shoes. They want and could use the many thousands of things, little and big, that men and machines make to bring health and good living to people."

— The 1938 report of the National Emergency Council to President Roosevelt on the *Economic Conditions of the South.*

Today, most of the South's people have all these things and more. To reread the Roosevelt administration report is to revisit a familiar, yet foreign, land. The mind's eye recognizes the soils, the rivers and other of nature's landmarks, but recoils at the illiteracy, the poor health and the economic destitution of so many people.

The demise of Jim Crow and an upsurge of public and private investment brought about a decline in poverty, especially dramatic in the 1970s. As the region heads toward the 21st Century, the South no longer finds itself strangled in poverty, or defined by it.

And yet, the legacy of its economic and social history remains: The South is still the region with the largest share of America's poor.

Where are the poor?

The Southern Census Region contains 35 percent of the U.S. population. It contains 42 percent of the Americans who live below the poverty line.

In the Southeast, 10.8 million people — white, black, native American and Hispanic — live in poverty. Add in Texas and Oklahoma, and account for another 3.8 million poor people. Across the region, 8.5 million whites and 5.6 million blacks are counted as poor.

In the 1970s, poverty rates dropped significantly in all Southern states. In-migration of the affluent and a trickle of continued out-migration of the poor contributed to the dramatic shift, as did the dip in the national poverty rate. But expanded economic and educational opportunities lifted many Southerners above the poverty line.

In the 1980s, the U.S. poverty rate went up, and it continued to rise in the early 1990s. In the South, however, poverty rates in about half the states continued on a downward course during the '80s and '90s. In 1994, Georgia, North Carolina, South Carolina and Virginia had poverty rates below the U.S. rate of 14.5 percent. Still, poverty exceeds the national rate in 11 Southern states. Louisiana ranks 50th among all states with one out of four of its people in poverty. *(see chart page 47)*

During most of the 20th Century, the South exported its rural poor to the cities of the North. Now, the rural poor flock to the cities of the South, and urban poverty begets more urban poverty. In the mega-states of Texas and Florida with their population concentration in major cities, the percentage of the urban poor outstrips the national percentage. Atlanta, Memphis, New Orleans and even smaller cities like Raleigh and Mobile give evidence of the urbanization of Southern poverty.

But across large swaths of the South, poverty remains a rural challenge; it is spread up mountain hollows and down country roads. In three states — West Virginia, Mississippi and Kentucky — more poor people still reside in the country than in the cities. *(see chart page 48)*

Who are the poor?

Poverty rates run higher among both the elderly and the young in the South than in the nation.

With near-universal Social Security coverage, the South, as the nation as a whole, has seen a remarkable drop in poverty among the elderly over the last quarter of a century — from 37 percent of Southerners 65 years and older in 1970 to 16 percent today. And yet, only Florida among the Southern

states had a lower poverty rate in 1990 among its citizens 65 years and older than the national rate.

One of every four Southern children lives in poverty. While a few Atlantic Seaboard states had child poverty rates slightly below the national rate, for the region as a whole the childhood poverty rate has climbed since 1970. *(see chart page 49)*

While poor whites outnumber poor blacks, the rate of poverty within the black population dwarfs that of whites. In five states, more than half the poor were blacks. Despite a narrowing of the gap between the poverty rates of blacks and whites in the South, a black Southerner is about three times more likely to be poor than a white Southerner. *(see chart page 50)*

In keeping with the national trend, the percentage of female-headed households among all poor families has increased markedly in every Southern state over the past two decades. By 1994, the South had 1.7 million female-headed households in poverty, representing 51.5 percent of all families in poverty. In the U.S., female-headed households represent 52.7 percent of families in poverty.

In determining who lives in poverty, education — or the lack of it — matters, deeply. Three out of 10 Southern families with a household head who did not complete high school live in poverty. In an era of declining jobs available to the undereducated, the link between educational attainment and the amelioration of poverty tightens. Indeed, the trend in both the U.S. and the South is toward even higher poverty rates among the undereducated. *(see chart page 51)*

And increasingly, it will take more than a high school education to ensure Southerners a decent job, a quality standard of living.

What about work?

Long before the Roosevelt Commission assessed the situation during the Depression, most Southerners worked, and most were poor. The modern Southern economy, to be sure, is vastly more dynamic and diverse than the Depression-era economy. Still, thousands upon thousands of poor Southerners work — only they do not find enough work or do not get paid enough to pull themselves and their families out of poverty. *(see chart page 52)*

In most states of the South in 1990, more than half of poor families had a household head who worked during the previous year. At least one in nine Southern families below the poverty level had a household head who worked full-time, year-round.

In this historic region of the working poor, the outlook is for less and less work available to the uneducated — and undereducated — poor. Over

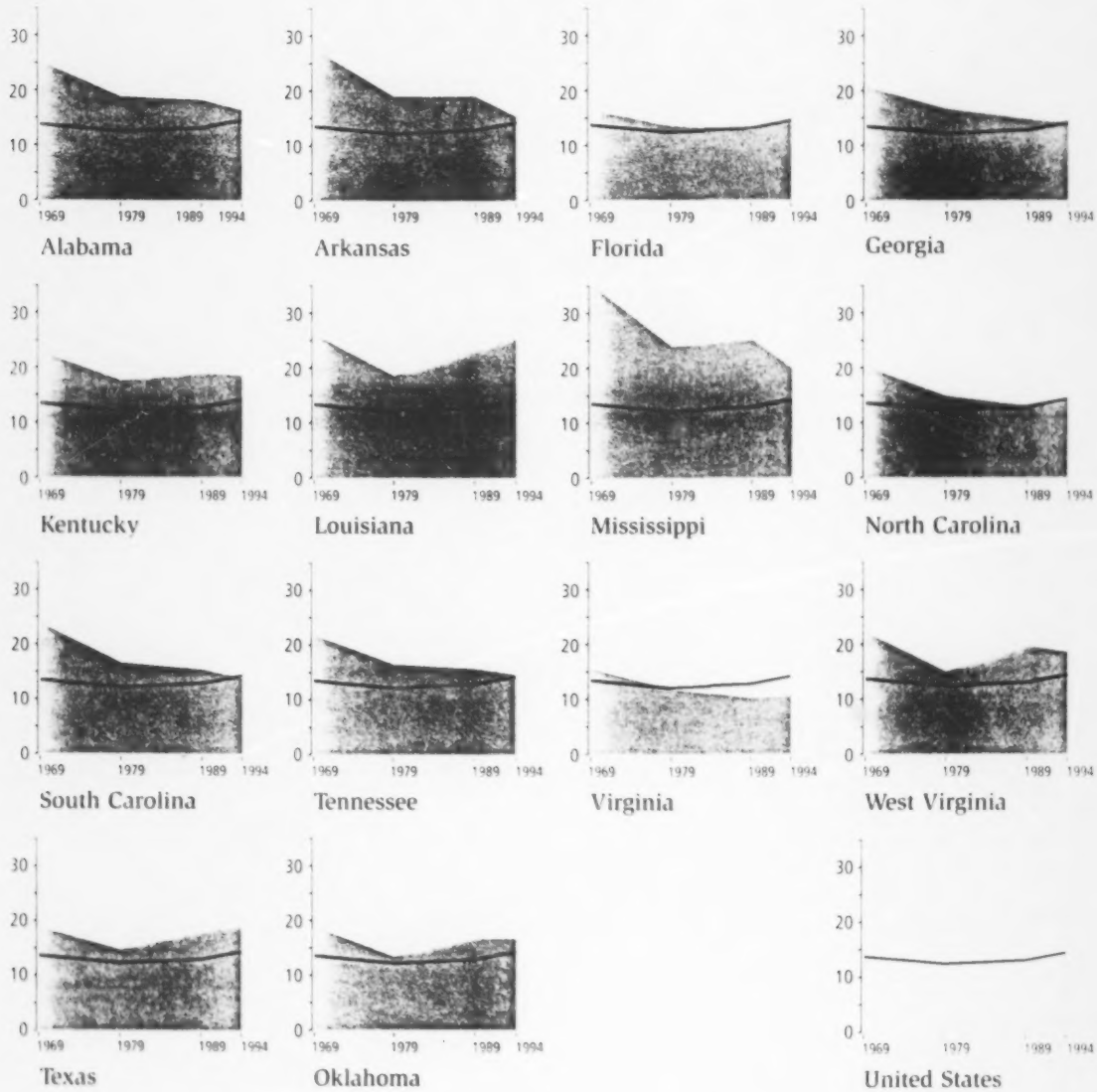
the next decade or so, the ranks of the working poor may well diminish — not because they have moved out of poverty but simply because fewer jobs for them are at hand.

Conclusion

The South has loosened the chains of its traditional poverty. And yet, far too many Southerners remain too distant — geographically and educationally — from jobs that would propel them into the middle class.

Amid growing affluence, poverty lingers

Poverty rates — States, 1969 - 1994



Source: Decennial Census and March 1995 Current Population Survey

The South's poverty rates tumbled sharply in the 1970s, but poverty rates continued to descend in only half the states through the 1980s. Four states now fall below the nation in poverty rates; 11 exceed the national rate.

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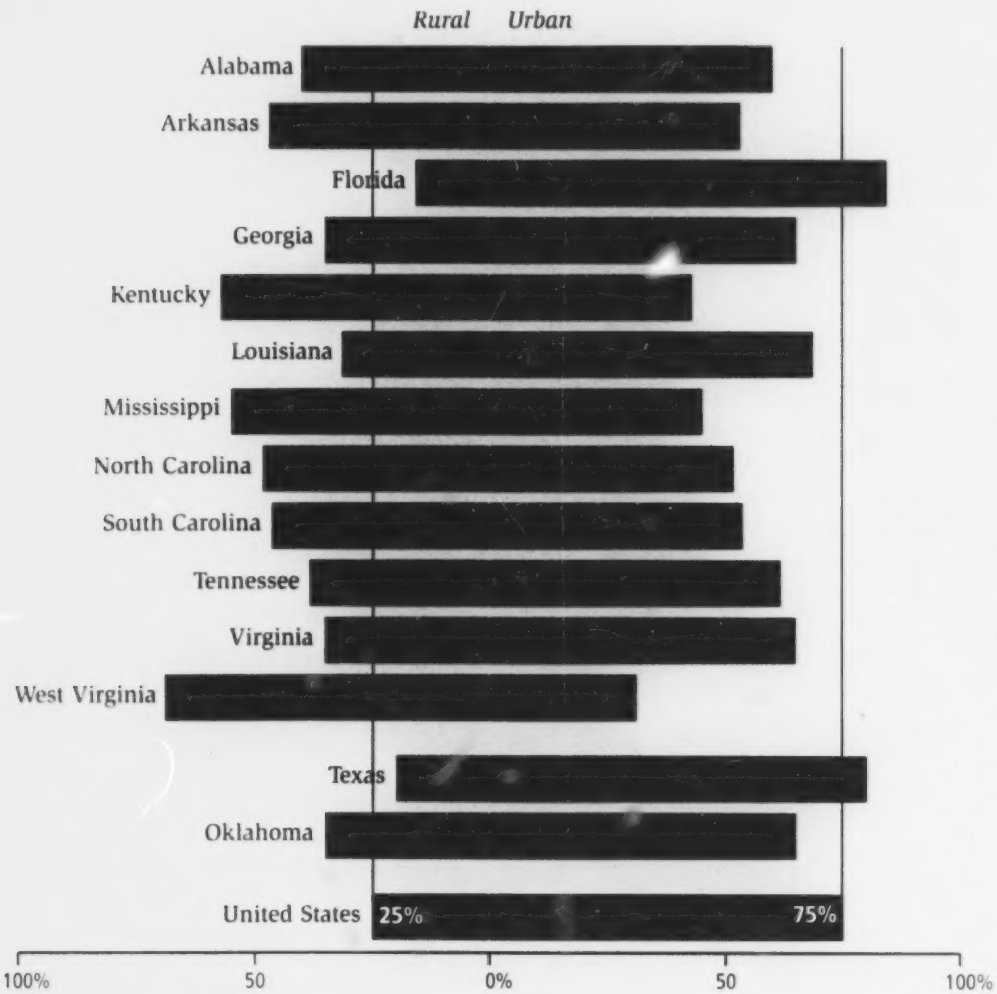
Urban poor, rural poor

Poor persons by residence — States, 1989



Source: Decennial Census

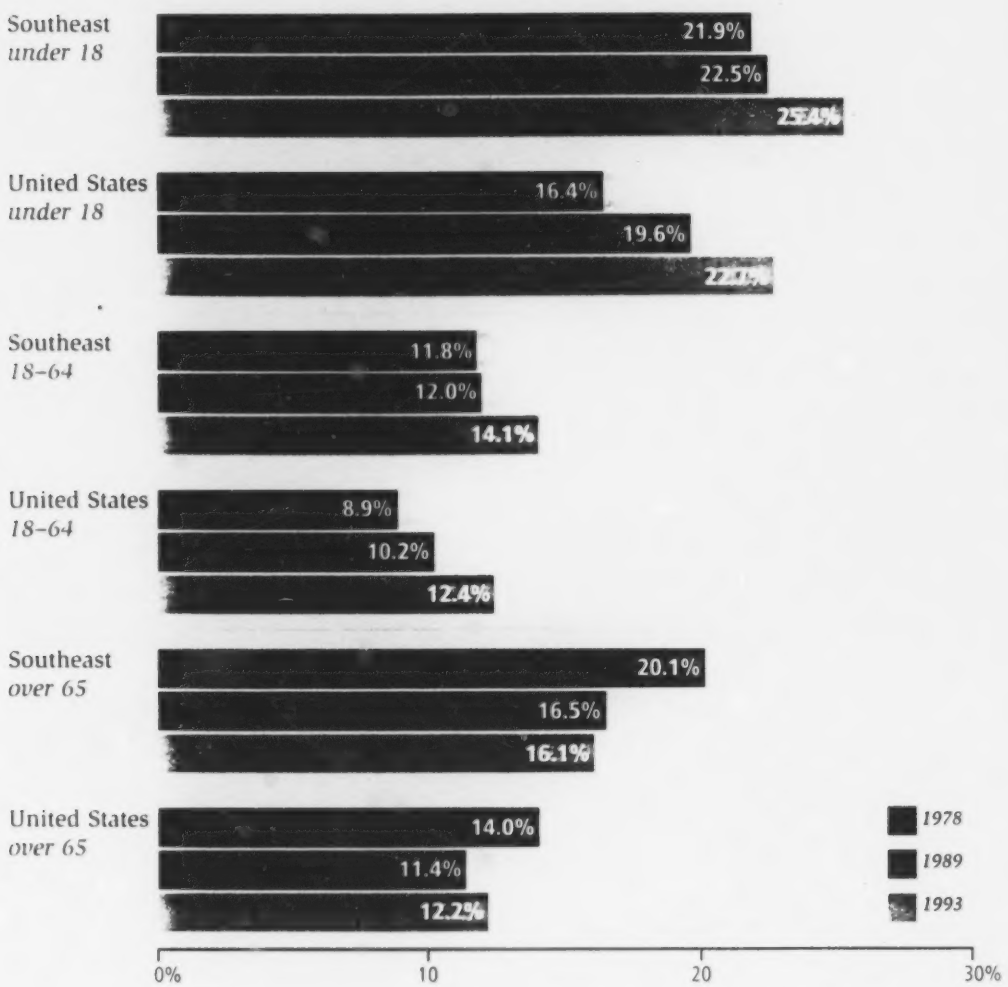
As in the nation as a whole, the urban South contains a higher proportion of the poor than does the rural South — a reversal of historic trends. But three states have more rural poor than urban poor. And in half of the states, the rural poverty rate is higher than the urban poverty rate.

Poverty Rates — 1989

	Rural	*Urban*		*Rural*	*Urban*
Alabama	18.3	18.4	South Carolina	15.5	15.3
Arkansas	23.1	19.1	Tennessee	15.2	16.1
Florida	13.2	12.6	Virginia	11.6	9.7
Georgia	13.8	15.1	West Virginia	17.2	21.1
Kentucky	22.2	16.0	Texas	18.1	18.1
Louisiana	22.1	23.8	Oklahoma	17.9	16.1
Mississippi	25.9	24.4			
North Carolina	12.3	13.6	United States	13.0	13.2

Young poor, old poor

Poverty rates by age — Southeast and United States, 1978 - 1993



Source: Current Population Survey, March 1979, March 1990, March 1994

The South exceeds the nation in the rate of poverty both among people 18 years and younger, and among people 65 years and older.

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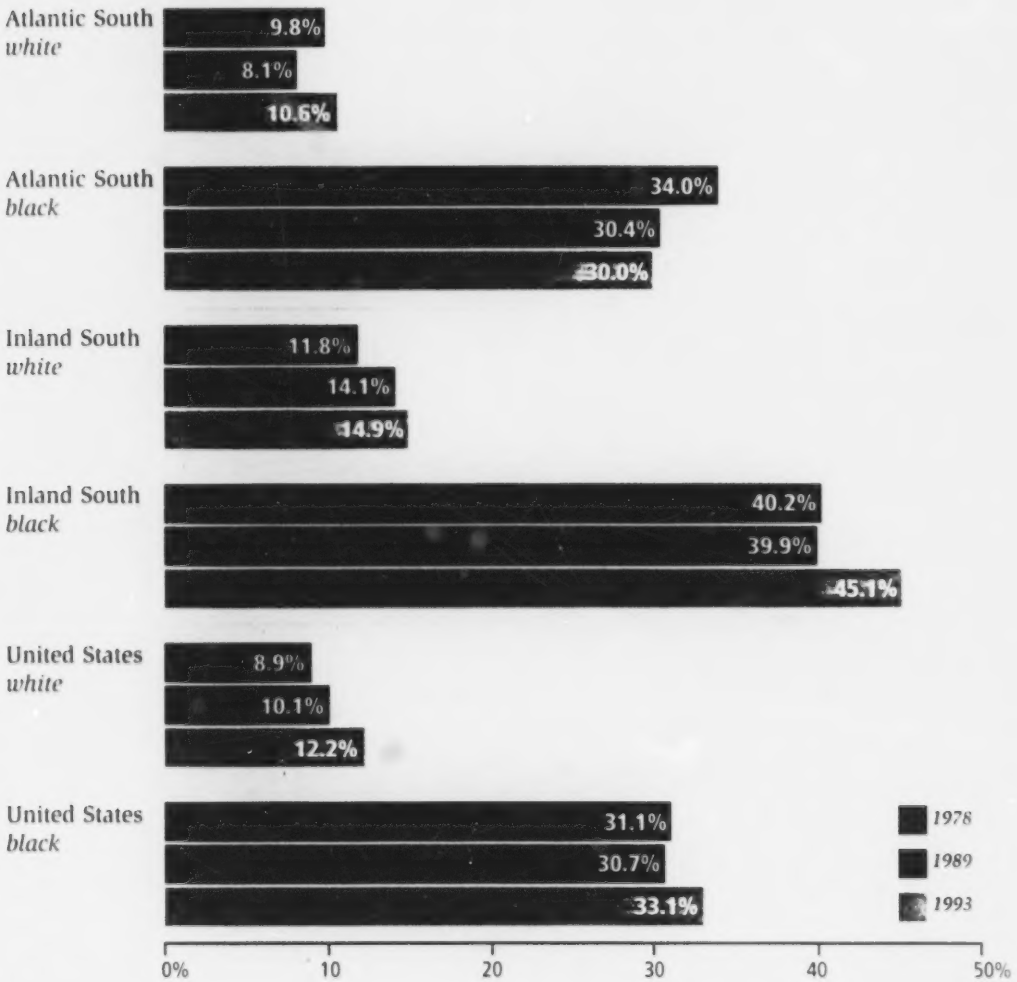
White poor, black poor

Poverty rates by race — Atlantic South, Inland South, and United States, 1978 - 1993

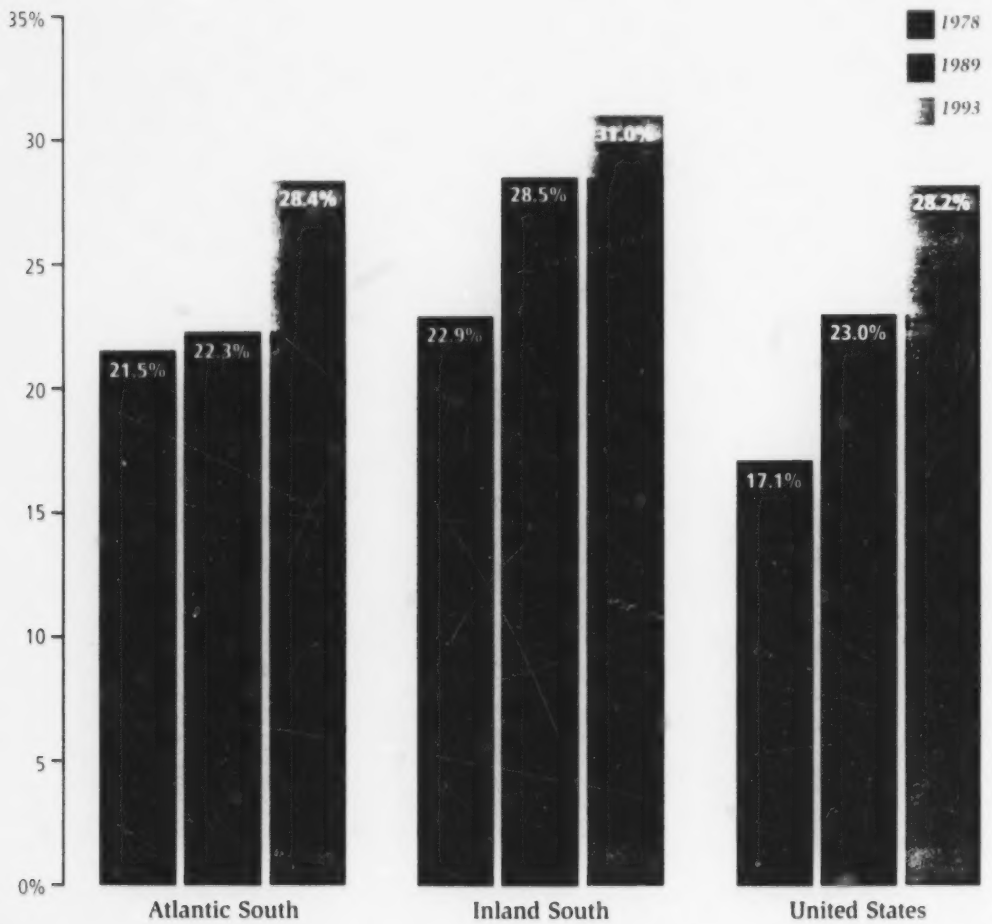


Source: Current Population Survey, March 1979, March 1990, March 1994

The South has more poor whites than poor blacks, but poverty falls more heavily upon the black population. While poverty among blacks has continued to decline since the end of legal segregation in the Atlantic states, it has risen in the Inland South — far beyond the national poverty rate for blacks.

Lack of education begets poverty

Families with a head who did not complete high school that were below the poverty level — Atlantic South, Inland South, and United States, 1978 – 1993



Source: Current Population Survey, March 1979, March 1990, March 1994

Poverty rates of families with a household head who did not complete high school rose substantially between 1978 and 1993, across the U.S. and across the South. By 1993, adults lacking a high school diploma had a one in four chance of their families landing in poverty.

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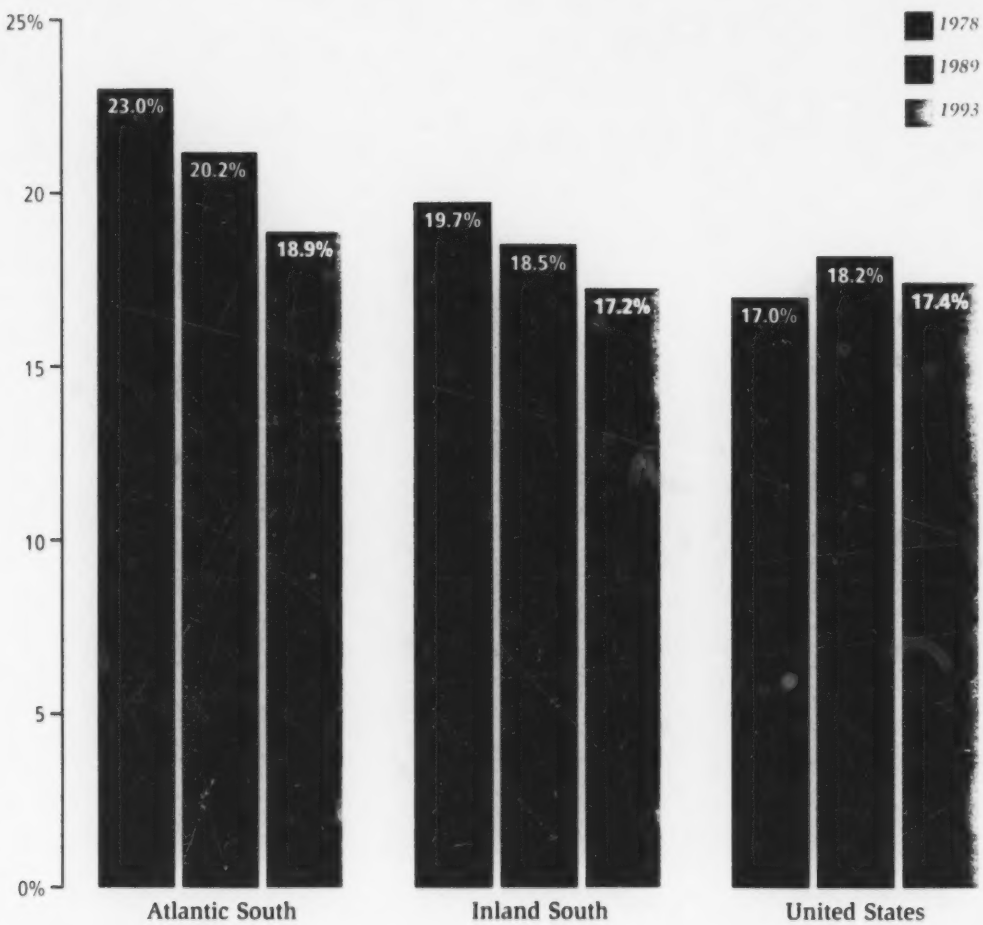
Still working, still poor

Families below the poverty level with household head who worked full-time, year-round — Atlantic South, Inland South, and United States, 1978 – 1993



Source: Current Population Survey, March 1979, March 1990, March 1994

A full-time job is the surest way out of poverty. In the South, improvement in jobs has led to a decline in families in poverty with a full-time worker. And yet, low pay for some jobs means that more than one in six families below poverty had a head who worked full-time, year-round.

Chapter 5

Education

It's the thought that counts

"The importance of investing in human capital, especially education, for economic growth and household welfare is recognized worldwide."

— The World Bank's *World Development Report* 1995

Historically, the South found its wealth in things: coal, oil, gas, cotton and tobacco. Education was nothing but a cost, a burden on dog-tired taxpayers.

That equation has reversed, in the South and the world. Things — coal, oil, cotton — are less important. What people know builds economies and individual wealth these days, not what they can coax from the earth. Literally, for the South, it's the thought that counts.

Education is no longer just a cost paid by rough hands. Education is a necessary investment in the well-being of individuals, the wealth of a community and the future of the South's economy. How that investment is made — how priorities are drawn and ordered — is the most important decision the region will make.

Why education matters

Education doesn't matter just a little. It matters most of all. This *State of the South* report found overwhelming evidence of the strong relationship between education, income and the economy:

- The South's new jobs will have one thing in common: They will require more education.

- Education determines both individual income and community wealth.
- A high school diploma alone guarantees little in this economy. It is only a ticket to more education.
- Black Southerners still earn less than comparably educated whites. But advanced education is a sure way for black Southerners to earn middle-class incomes.

The education record

Southerners have never been better educated, in number or degree, than they are today. That's good. But just as the South has climbed to a higher point on the education mountain, the mountain has grown. A knowledge-based economy is in the making, and the peaks students and schools once considered final destinations are now just milestones on a longer journey.

The gains are easy to chart. Forty-five years ago, only a quarter of the South's adults had completed high school. By 1970, nearly half had a diploma. Now, 70 percent of all Southerners over the age of 25 have completed high school. *(see chart page 63)*

"Education ... beyond all other devices of human origin, is the great equalizer of the conditions of men — the balance-wheel of the social machinery... It does better than disarm the poor of their hostility towards the rich; it prevents being poor." — Horace Mann

Southerners made similar advances in higher education. In 1970, a mere 10 percent of Southeastern adults had completed four or more years of college. By 1990, Southerners with college degrees had risen to 18 percent, just below the U.S. rate. In 1990, 24 percent of Southerners had spent one to three years in college, just below the national figure. From 1970 to 1990, Southerners who had taken at least one year of college jumped from 19 percent to 42 percent. *(see chart page 64)*

Black Southerners have made particularly dramatic progress since school desegregation. By 1990, 46 percent of black Southeastern adults had at least a high school diploma — up from 17 percent two decades earlier.

The South's lingering deficits in high school graduation rates are most prevalent among older adults, those who were reared in times when jobs required little education, when teenagers were encouraged to quit school and collect a paycheck and when segregated schools limited opportunities for black Southerners. Young Southerners (age 24 to 34), black and white, now complete high school at nearly the same rate. Young black Southerners, in fact, graduate from high school at higher rates than their counterparts in the rest of country. *(see chart page 65)*

Black Southerners also have advanced in higher education. From 1970 to 1990, the proportion of black Southerners with four or more years of college rose from 4 percent to 9.6 percent. *(see chart page 66)*

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Hold the applause

Despite these advances, the region still remains behind the United States in every measure of learning — and those comparative deficits worsen at each level from primary school to doctoral degree.

In an economy that demands some education after high school, 30 percent of the South's adult population lacks a secondary school diploma. Almost half the South's adults haven't entered a college or community college classroom. Most of these poorly educated workers can be found in the expanding bubble of Southerners between 45 and 64 years old.

Only Texas and Virginia in the South have a higher percentage of adults with bachelor's degrees than the United States. And only Virginia has a higher percentage with advanced degrees. Even such states as North Carolina and Texas, which take pride in serving as centers of high-tech development, lag behind the U.S. in the percentage of adults with advanced degrees.

It took 20 years to double the number of black Southerners holding college degrees. Still, over 90 percent of blacks in the Southeast do not have a baccalaureate degree. The percentage of Southern blacks with college degrees in 1990 had only reached the level whites achieved in 1970. And since 1970, the gap between Southern blacks and whites with college degrees has widened. *(see chart page 67)*

Measuring quality

Completing school is not the same as acquiring knowledge. Despite impressive gains in numbers of diplomas, too many graduates of the region's secondary schools do not qualify for the jobs being created in the new economy. And the resegregation that has occurred within too many Southern schools — by race and class — has resulted in declining expectations for many poor and minority students.

Unfortunately, there is no general agreement in our country about what high school graduates should know. Nor is there a sound, state-by-state comparison of students' skills. The National Assessment of Educational Progress (NAEP) tests are the only ones given to large numbers of the nation's public school students. The tests are given in 4th, 8th and 12th grades and rank students according to a four-tier scale: Below basic is the lowest, followed by basic, proficient and advanced.

NAEP test results show students striving toward mediocrity. Only Virginia met or exceeded national averages at the basic or proficient level in math in 1992. The South's record consistently trails national averages. For example, in reading, students in the Southeast scored below the national rate at both the basic and proficient levels in all three grades tested. *(see charts pages 68, 69)*

Measuring content

In 1982, only 13 percent of Southern high school graduates completed four years of English and three each of math, science and social studies. By 1990, that number had leaped to 54 percent, far surpassing the national rate of 40 percent. More Southern students are taking substantive courses in high school. *(see chart page 70)*

Meanwhile, however, too few parents, teachers and school boards expect enough of Southern teenagers. For instance, only five Southern states (again, those hard-charging states on the Atlantic Coast) have a higher percentage of students taking advanced placement (AP) exams than the national average.

Kids cannot take courses that are not offered. In five Southern states, fewer than half the public high schools offer even one advanced placement course. There is a sharp line dividing the states when it comes to offering AP courses. Schools in Mississippi and states to the west fall below the national average in offering AP courses. The rest of the South betters the national rate. *(see map page 71)*

Expecting more

The failure of Southern education is, in part, one of limited expectations. Poor children, especially minorities and rural whites, have been routinely tracked into "slow" or "basic" classes while white and more well-to-do children have had greater access to advanced classes. As a result, racially mixed school buildings contain segregated classrooms. And the education students receive is markedly unequal.

Many Southern educators have discovered that schools are most effective when low-level tracks are eliminated and all students are put into academically stringent courses. Students learn more, score higher on national tests and are more likely to continue education after high school. More Southern students will take the highest level courses when that's what schools expect them to do.

High school is not enough

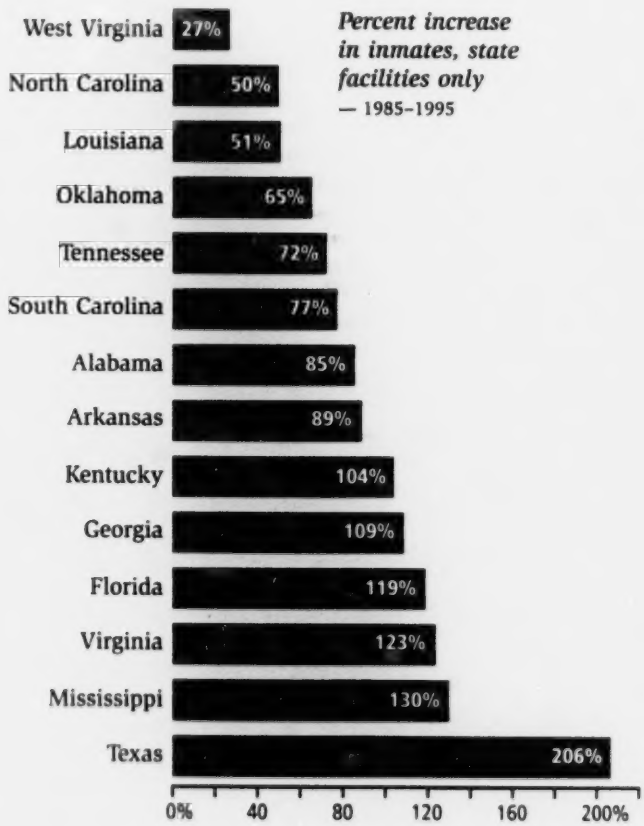
In the new economy, those who stop with a high school diploma will be worse off than high school dropouts a generation ago. And adults who do not return to school or receive further training on the job will see their incomes and job prospects diminish.

This does not mean everyone can or should go to a four-year college. It does mean that everyone needs some kind of education beyond high school.

Most jobs of the future will demand solid thinking skills as well as specialized training. They will require more than a high school diploma or the skills traditionally taught at vocational schools, but less than a university education. The states that prosper will be those that educate and train the 75 percent of the population who do not receive university degrees.

Iron Bars or Windowpanes

Making the choice between schools and prisons



Source: Adult Correctional Systems, Southern Legislative Conference

A teenage criminal, interviewed this year by a reporter with the Raleigh (N.C.) News and Observer, made a prediction. "If I can't get a good job," said the 17-year-old 10th grade dropout, "I might go back to the same thing."

The "same thing" was selling drugs and assaulting law-abiding citizens. The good job, unfortunately, is an illusion. In this economy, there is no room for a young person with the skills of a 10th grade dropout. And those who don't fit the economy, too often fit a prison cell, especially in the South.

The Southern Legislative Conference reports that the number of state inmates in the region increased by 126 percent — from 201,629 to 455,908 — between 1985 and 1995. The incarceration rate in the SLC states (the South plus Maryland and Missouri) far outpaces the national rate. The number of inmates per 100,000 residents jumped from 237 in 1985 to 476 in 1995, while the national rate went from 195 to 400.

Southern states have a choice. They can educate their young. Or they can be prepared to build more prisons.

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Everyone learns

Postsecondary education in Europe

Families in Denmark and Germany assume their children will continue classes after secondary school. And nearly all do.

More than 90 percent of young Danish and German students continue their education after receiving the equivalent of an American high school diploma. In Germany, 87 percent finish a postsecondary program; in Denmark, 75 percent complete a postsecondary degree. Most of these programs require three-and-a-half years of training; often, the training is associated with a workplace.

The South's record, by comparison, is lacking. By 1990, the percentage of Southerners who had attended any college stood at 54 percent.

Southern students can thrive in European-style training programs. Tool-making apprentices at a Siemens Corp. plant in rural Southern Kentucky recently bettered their German peers in a test scored by German masters.

The Siemens program, however, includes only 45 students. The South will meet international standards of education only when every student receives an education after high school.

Education and training for the 75 percent

Those who do not finish a university degree need more than an educational snack after high school. They should be presented with a full menu of opportunities, including:

- ***Technical education*** — including one- and two-year postsecondary training for the growing number of high-wage, mid-range occupations such as electronics technicians, medical technicians, engineering technicians. In today's South this education mostly takes place in the classroom, in technical and community college programs. In Europe, and increasingly in the U.S., it also takes the form of apprenticeships — a combination of schoolroom classes and on-the-job training.
- ***New skills for adults in the workforce*** — such as learning to operate statistical process control systems in factories, learning to use new software in offices. For some adults, the starting place is improving basic literacy skills — learning to read and compute well enough to tackle more specialized training. For a worker displaced by structural changes in the economy, the starting place is learning new skills to prepare for a mid-life career change.

- ***New technology and workplace reorganization*** — for managers, learning to adopt the latest technology and management techniques; for all workers, learning to work in teams, to take responsibility for the quality of their products and services, to apply critical-thinking skills to their work. Not only do individual workers need to be smarter, companies need to be organized to take advantage of a skilled workforce.
- ***Second-chance education*** — for high school dropouts, welfare mothers, and others who find themselves left out of the job market. People who don't have the skills to benefit from the South's robust economy need counseling, remedial education, job-seeking skills, self-confidence and help finding a job. Southern states have been good at reclaiming dropouts through General Education Development (GED) programs. Ten Southern states granted more GEDs in relation to population than the nation as a whole in 1994. This education should be followed with the training necessary to advance beyond an entry-level job.

If it was a snake, it'd bit you

While no one institution can fulfill every demand for education and training, the mechanism to provide postsecondary education to adults and recent high school graduates is at the feet of most Southerners. After struggling to develop the perfect education and training "system" for decades, most states now recognize that the solution lies in partnerships — involving employers, community and technical colleges, secondary schools, universities and other institutions.

The role of the business community is a crucial one as the economy requires the profitable plant to shuffle off old technologies and outdated skills, to be replaced with ever more sophisticated equipment and workers. More Southern businesses are investing in the skills of their workers to insure continued profitability.

At the same time, states must make more strategic use of their technical schools and community colleges. There are 350 public two-year colleges throughout the South, enrolling over 1.6 million students in 1993. Only styles of barbecue differ across the South more than these schools. In some states (such as Kentucky and Mississippi), community colleges were established mainly to provide the first two years of a baccalaureate education. In others (notably the Carolinas), their first mission has always been workforce training for economic development.

Whatever their origins, community colleges today are becoming states' most important vehicle for increasing access to education for youth and adults. And when they work in tandem with employers, the workforce training they provide is a powerful catalyst for economic development.

At their best, technical and community colleges have several strengths that can put them at the center of an effective workforce development system in the Southern states:

- They are flexible institutions, offering courses that fit the schedules of businesses and students.
- They are in touch with employers' needs for workforce training. They can create courses quickly to respond to needs in the labor market.
- They are equipped (in their mission, support services and teaching style) to educate "nontraditional" students — adults who have been out of school for many years, part-time students, students of varying literacy levels.
- In most Southern states, they are located within financial and geographic reach of most of the population — in rural areas as well as city neighborhoods.

But the incentives driving these institutions do not always lead them to focus on the kinds of education and training needed for the future of the Southern economy. For instance, state funding formulas typically reimburse technical and community colleges at a standard rate based on the number of students. This encourages schools to serve certain types of students — those who are best prepared academically, those whose courses of study do not require expensive lab equipment or machinery. It discourages schools from aggressively recruiting and educating students who need counseling, remedial courses, transportation to class and child care.

There are examples of state incentives that drive community and technical colleges in the right direction. Some states and localities provide special funding to draw in hard-to-serve adults and youth and give them a lifeline into the workforce. In some states, two-year colleges have special incentives to provide workplace training, technology transfer and workplace reorganization.

In many states, two-year colleges are encouraged to collaborate with high schools and employers, giving young people an opportunity to begin a rigorous technical education in high school and continue through a two- or four-year college degree. And some states have made it easier to move from community college to four-year university.

Those states that smooth the transition from report card to paycheck and connect community college to work and to the university will benefit in higher wages, successful businesses and vibrant communities.

Higher tuition, muddled missions

The two follow each other like geese in flight: Income rises with education. The connection is absolute, exact and grows stronger each year. The

only Southerners enjoying significant wage increases are those with high levels of education.

The South's economic future depends on strong universities, yet funding for Southern colleges and universities has not kept pace with enrollment. At a time when it is clear that every adult needs postsecondary education, tuition has risen sharply — so much so that the South is in danger of pricing education out of the range of many potential students.

Meanwhile, the structural problems associated with the rapid expansion of the region's colleges and universities in the 1970s and '80s persist. Institutions with overlapping missions continue to compete within states for scanty funds instead of collaborating. Across state lines, universities have preferred to carry on Saturday afternoon gridiron rivalries rather than to cooperate on building high-quality regional — even multistate — programs.

Moreover, the missions of these institutions — community colleges, technical schools and universities — are not clearly defined. The states have failed to establish measures of performance for these postsecondary schools. And the states continue to funnel money to their schools based on the number of students enrolled, not the institutions' ability either to teach or to transfer knowledge from the academy to the shop floor and town square.

Better, in spots, at the highest levels

At the apex of the region's education system are its research universities. The quality of these programs is critical to the South's rapidly changing knowledge base and to the intellectual and scientific skills of its workforce.

The South is home to 19 of the nation's 89 top research universities, according to a recent study completed by the National Research Council. Of the 450 doctoral programs submitted by Southern Research I universities for review by the NRC, 101 were judged to be among the top 20 in the nation in their respective fields.

The percentage of programs submitted by Southern institutions that were judged to be in the top 20 has more than doubled since a similar 1982 NRC assessment. Of the programs in the top 20 in 1993 that were also reviewed in 1982, 74 percent improved their national rank.

Among Southern universities, four had both the largest number of programs and the highest percentages of programs ranked in the top 20 nationally: the University of Texas at Austin, Duke University, the University of North Carolina at Chapel Hill and the University of Virginia. Among the Southern universities emphasizing engineering, Texas A&M University,

Georgia Institute of Technology, North Carolina State University and Virginia Polytechnic Institute and State University had the largest number of top 20 programs. *(see map page 72)*

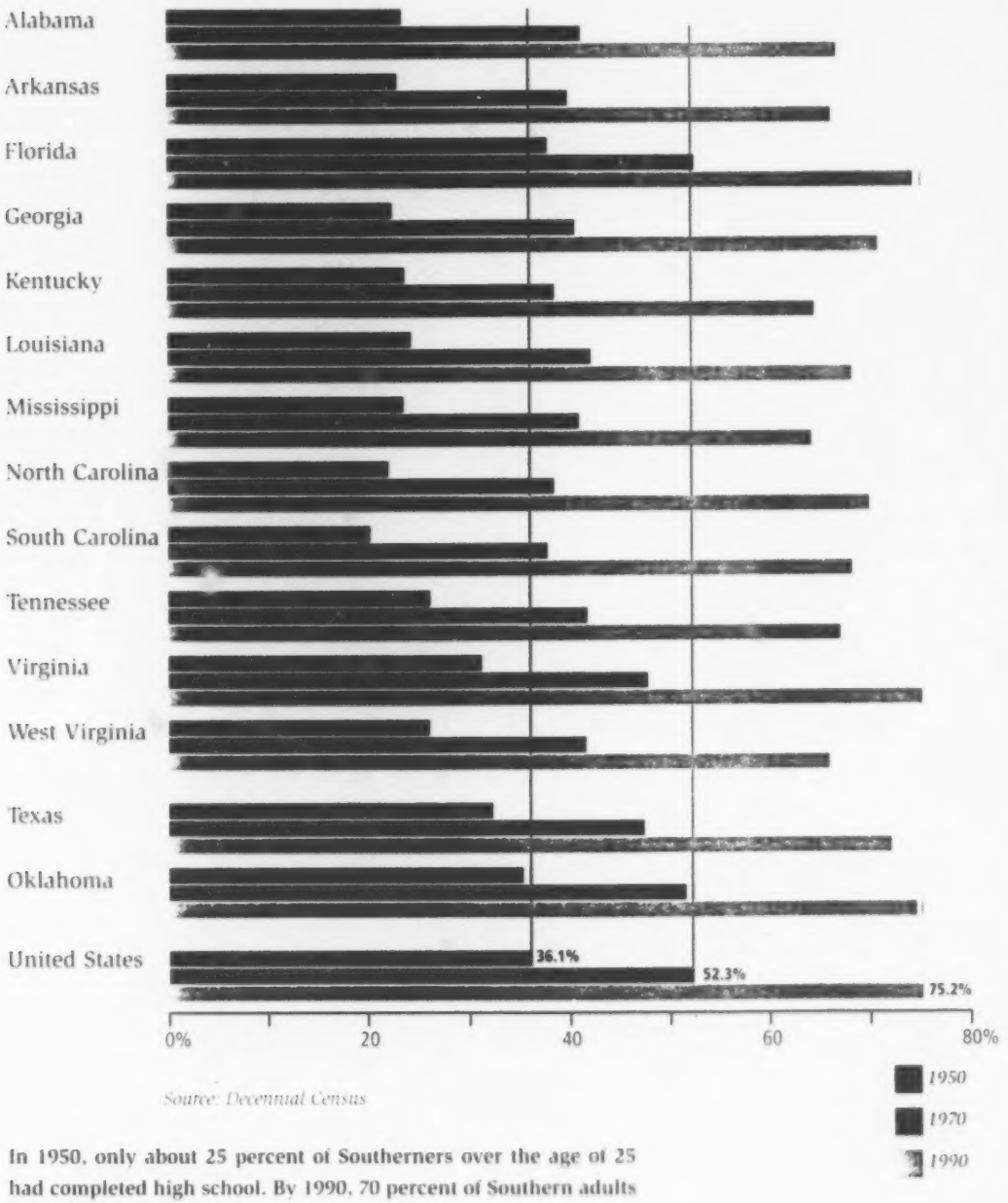
Clearly, the South made much progress in improving the quality of its doctoral research programs in the 1980s; the region now offers some of the nation's foremost programs. But as knowledge becomes more important to the region's prosperity, the progress of the 1980s must continue.

Conclusion

Despite remarkable progress over the past 20 years, too few Southerners finish high school, take postsecondary classes, graduate from college, earn doctoral degrees. The offerings at too many of the region's schools lack quality, and not enough Southern students take the toughest courses. Those states that succeed will be the ones that can harness their schools to give every Southerner a rigorous, postsecondary education.

More Southerners are high school graduates...

Percent of adults age 25 and up who have completed high school — States, 1950 - 1990



Source: Decennial Census

In 1950, only about 25 percent of Southerners over the age of 25 had completed high school. By 1990, 70 percent of Southern adults had high school diplomas.

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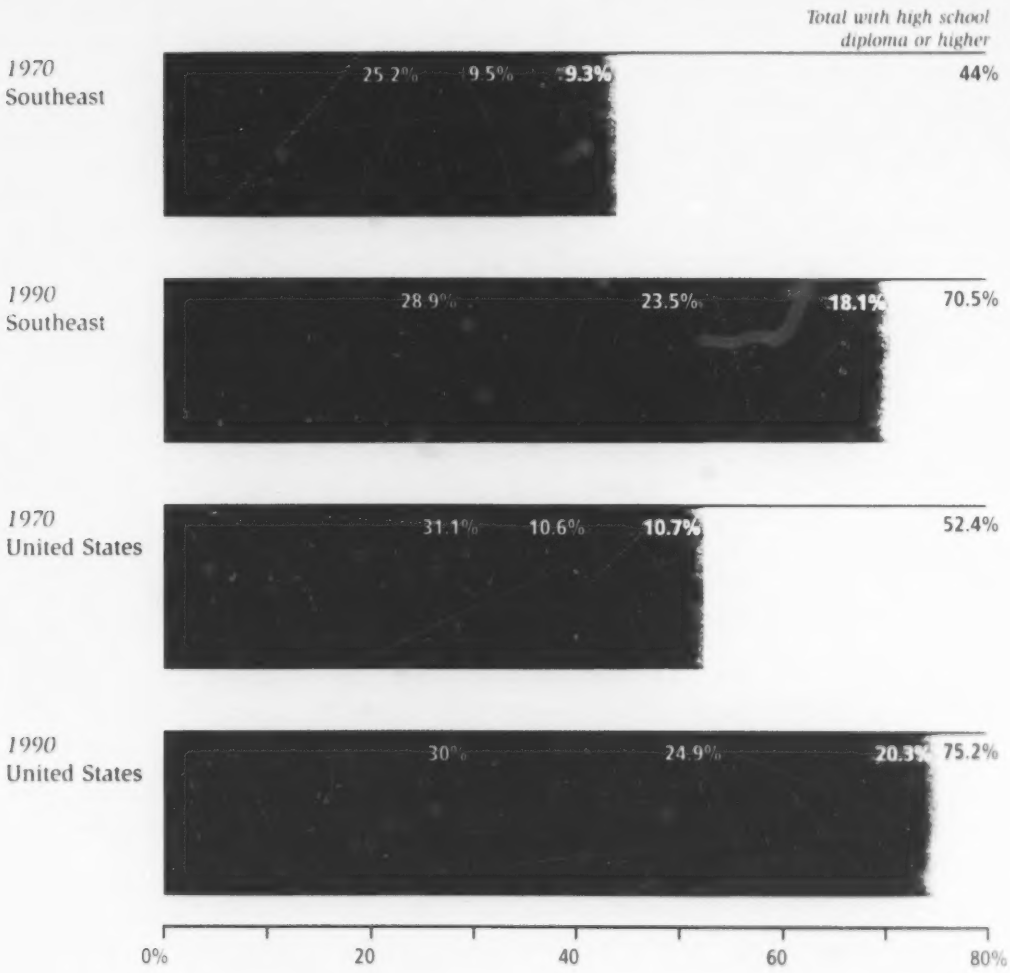
...And more have gone to college.

Educational attainment for adults age 25 and over — Southeast and United States, 1970 - 1990



Source: Decennial Census

The percentage of people with 1-3 years of college increased by about 250 percent in both the Southeast and the United States between 1970 and 1990, and the percentage of people with at least a bachelor's degree roughly doubled in both the South and the nation. Still, a gap remains between the South and the U.S.

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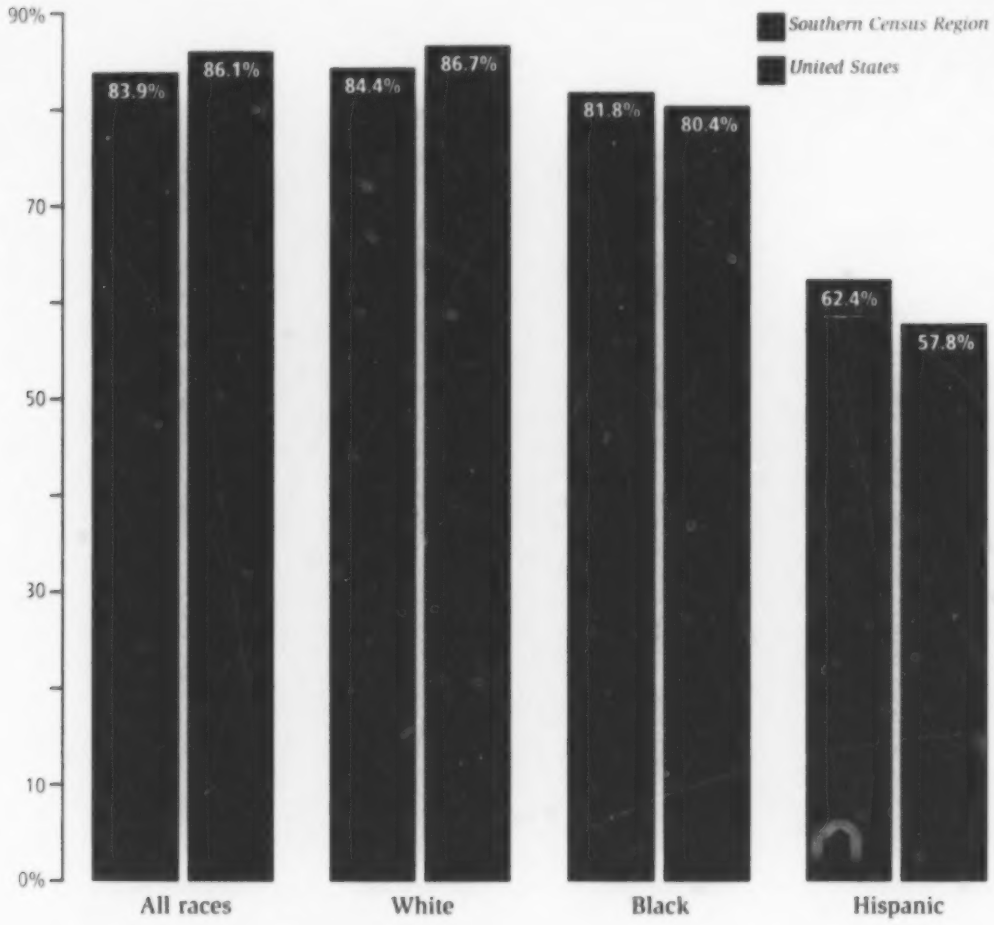
...But young adults are holding their own

Percent of adults age 25 to 35 who have completed high school — Southern Census Region and United States, 1991

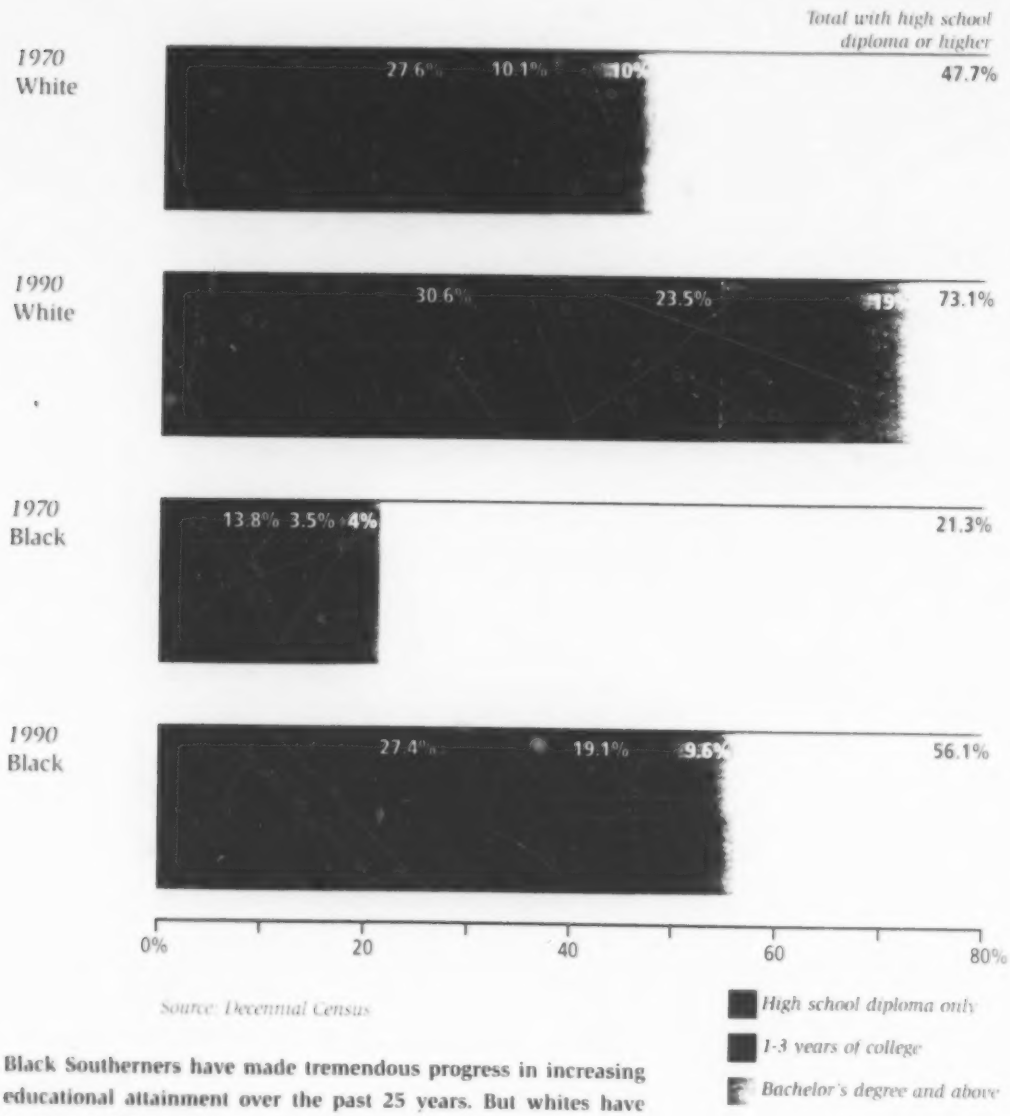


Source: March 1992 Current Population Survey, compiled by the Southern Regional Education Board

Overall educational attainment figures for the Southeast are distorted by the not-too-distant past, when many Southerners were either unable to continue their education or found completing high school unnecessary. But Southerners age 25-34 are nearly as likely as their counterparts across the United States to complete high school. And black and Hispanic Southerners in this age group are more likely to complete high school than their peers nationwide.

Gap between black and white college-goers has widened

Educational attainment for adults age 25 and over by race — Southeast, 1970 and 1990



Source: Decennial Census

Black Southerners have made tremendous progress in increasing educational attainment over the past 25 years. But whites have increased their college-going rates as well, and the gap in attainment by race has actually increased rather than lessened. Black Southerners are catching up in high school graduation and college attendance, but the percentage of blacks with bachelor's degrees is only slightly more than half that of whites.

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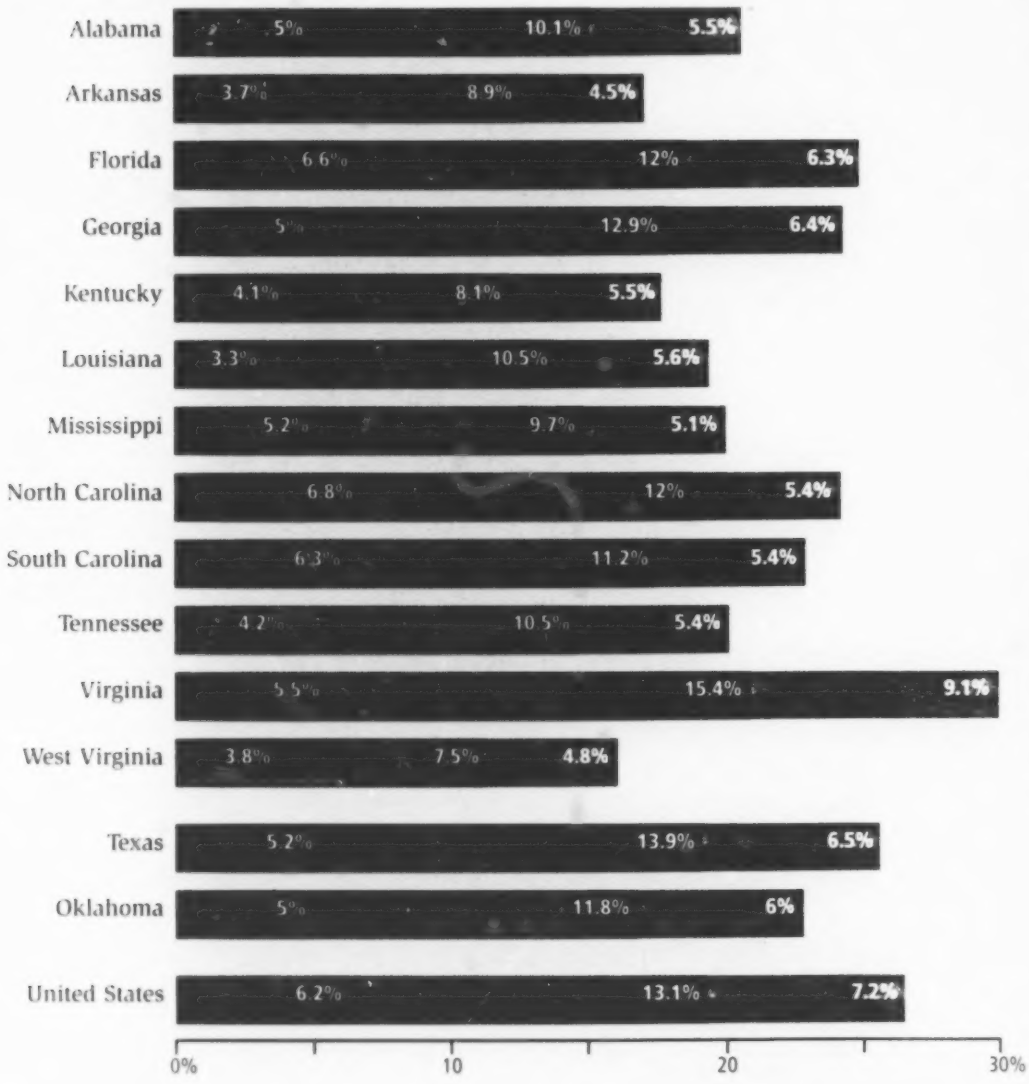
College-going rates still lag the rest of the United States

Percent of adults age 25 and over with either an associate, a bachelor's or an advanced degree — States, 1990



Source: Decennial Census

While many more Southerners attend college than ever before, college-going rates in Southern states still lag behind those of the United States. Only Virginia is consistently higher than the United States in percentage of degrees earned.

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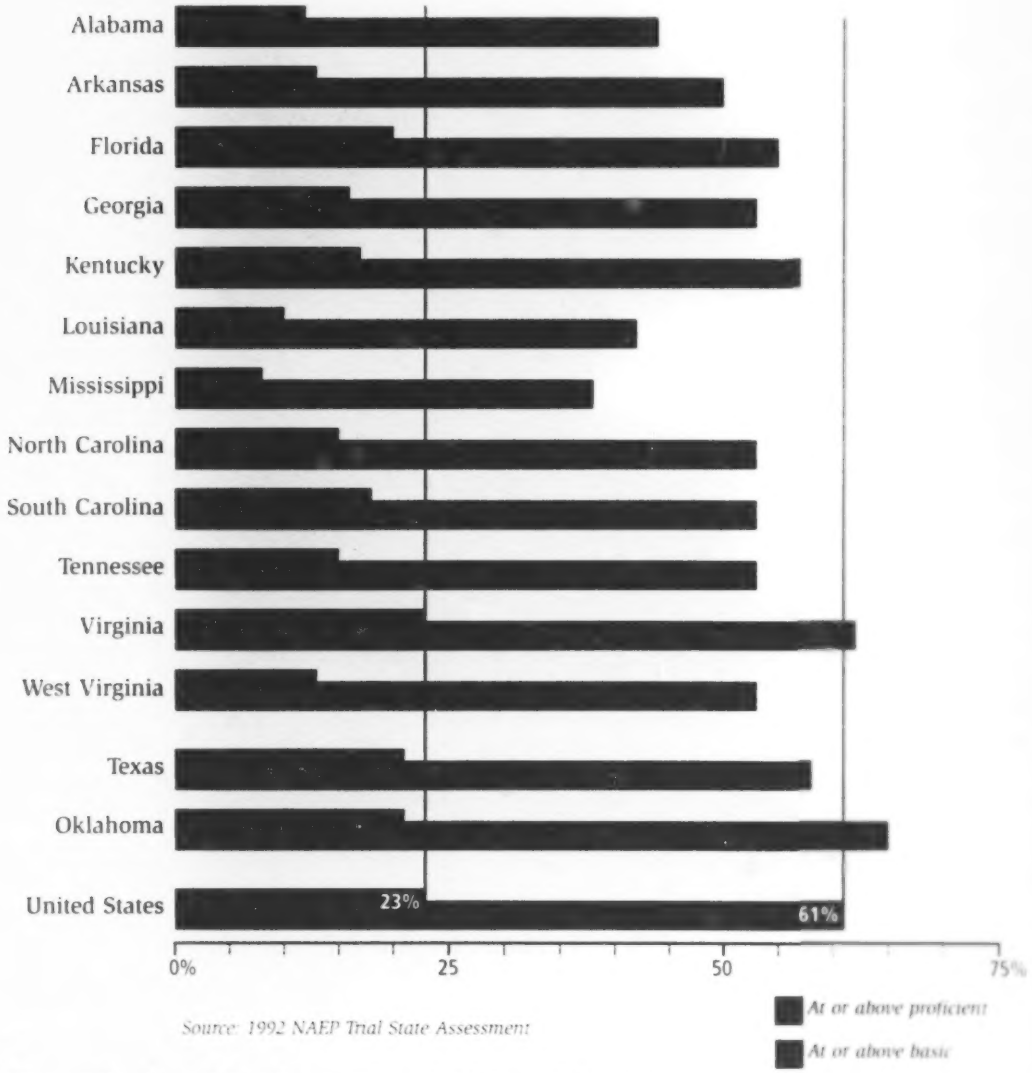
Southerners do poorly in national math test...

Student performance on the 8th grade NAEP mathematics exam — States, 1992



Source: 1992 NAEP Trial State Assessment

The results of the National Assessment of Educational Progress (NAEP) test, a national exam given to 8th grade students, show that only about 60 percent of students tested were judged to have at least "basic" proficiency in math — a rudimentary knowledge of the material appropriate for their grade level. Less than one-quarter were "proficient" or better — well-prepared for the next grade. In the South, the situation was worse — only Virginia and Oklahoma topped the United States in one or both of these measures.

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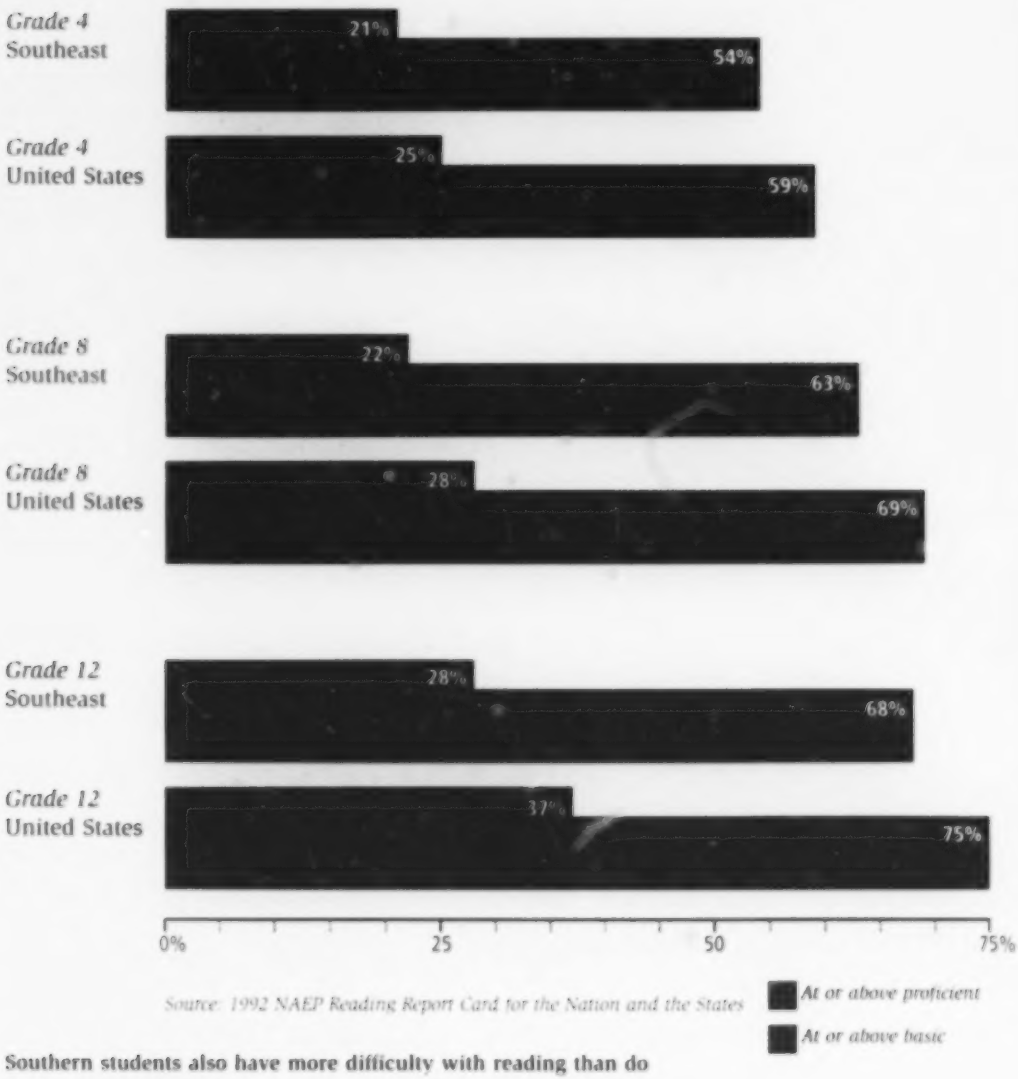
...And not much better in reading

Student performance on the NAEP reading exam — Southeast and United States, 1992



Source: 1992 NAEP Reading Report Card for the Nation and the States

Southern students also have more difficulty with reading than do their peers nationwide. Higher grade levels show increasingly higher numbers of students considered "basic" or "proficient" for their grade level, both in the Southeast and in the United States, but the Southeast remains behind the United States in every grade.

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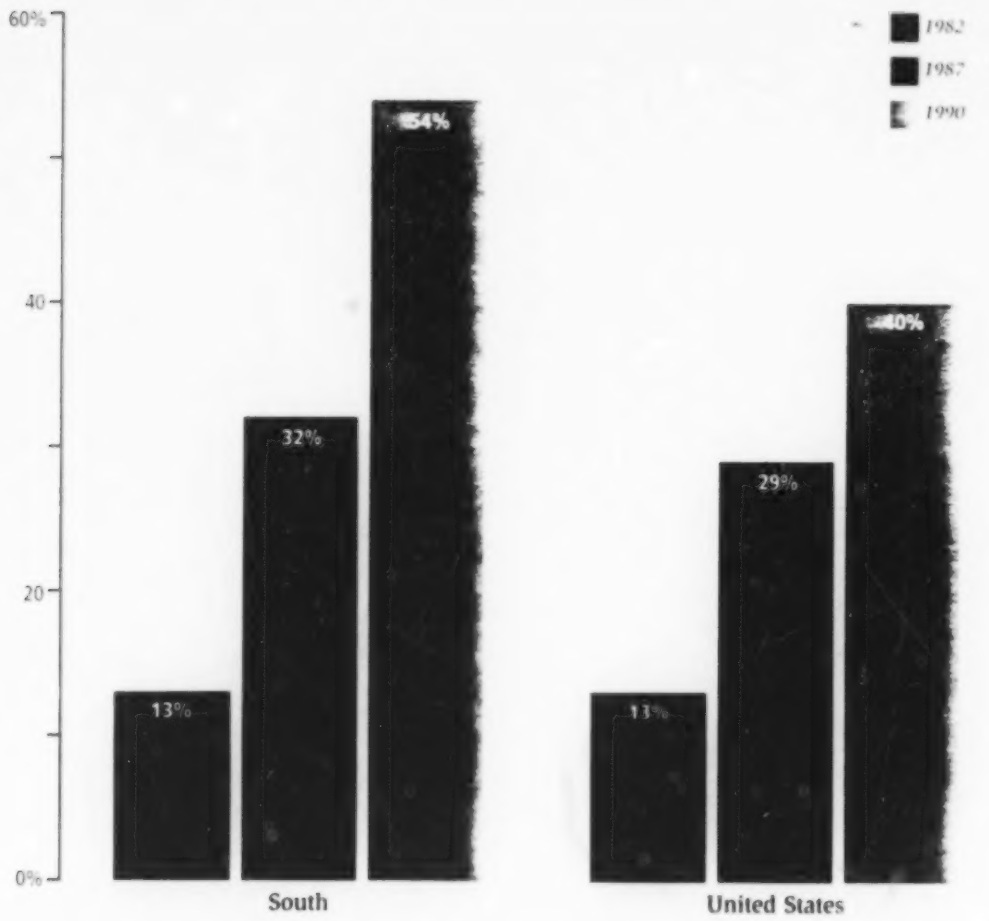
More Southern students take college prep curriculum

Percentage of students completing "academic core" — Southern Census Region and United States, 1982, 1987 and 1990



Source: National Center for Education Statistics

Thanks to a region-wide movement to upgrade curriculum, beginning in the mid-1980s, Southern students are far more likely to complete an "academic core," or four English courses and three each of social studies, science and mathematics, than those across the United States. Many state universities across the South require this core for acceptance to baccalaureate programs.

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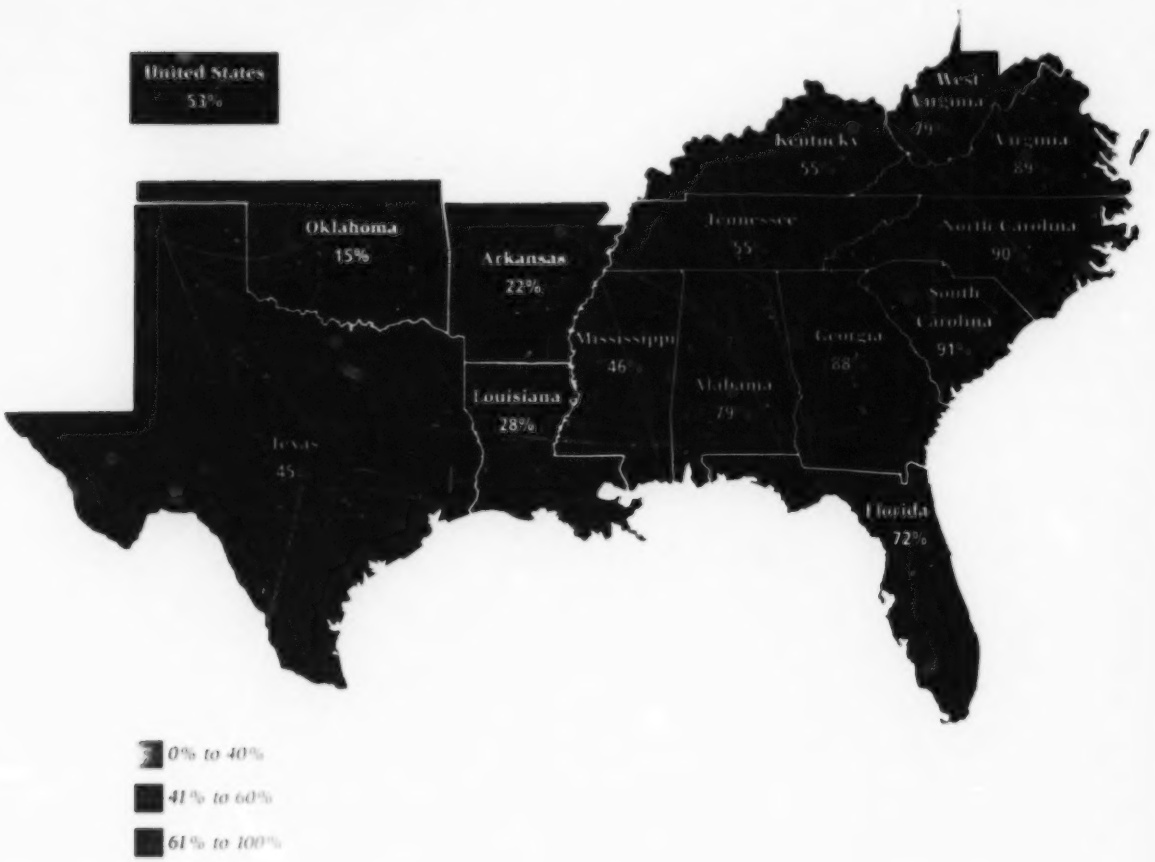
Advanced placement opportunities abound on the coast

Percent of public high schools that offered advanced placement courses in 1995



Source: Southern Regional Education Board, unpublished data

Students attending schools that offer advanced placement courses have an opportunity to earn college credit while still in high school and strengthen their college applications. States on the Atlantic Coast and Appalachian areas, along with Alabama, all exceed the United States in percentage of public high schools offering these courses. In Mississippi and the states to its west, fewer students have the chance to take advanced placement courses in high school.

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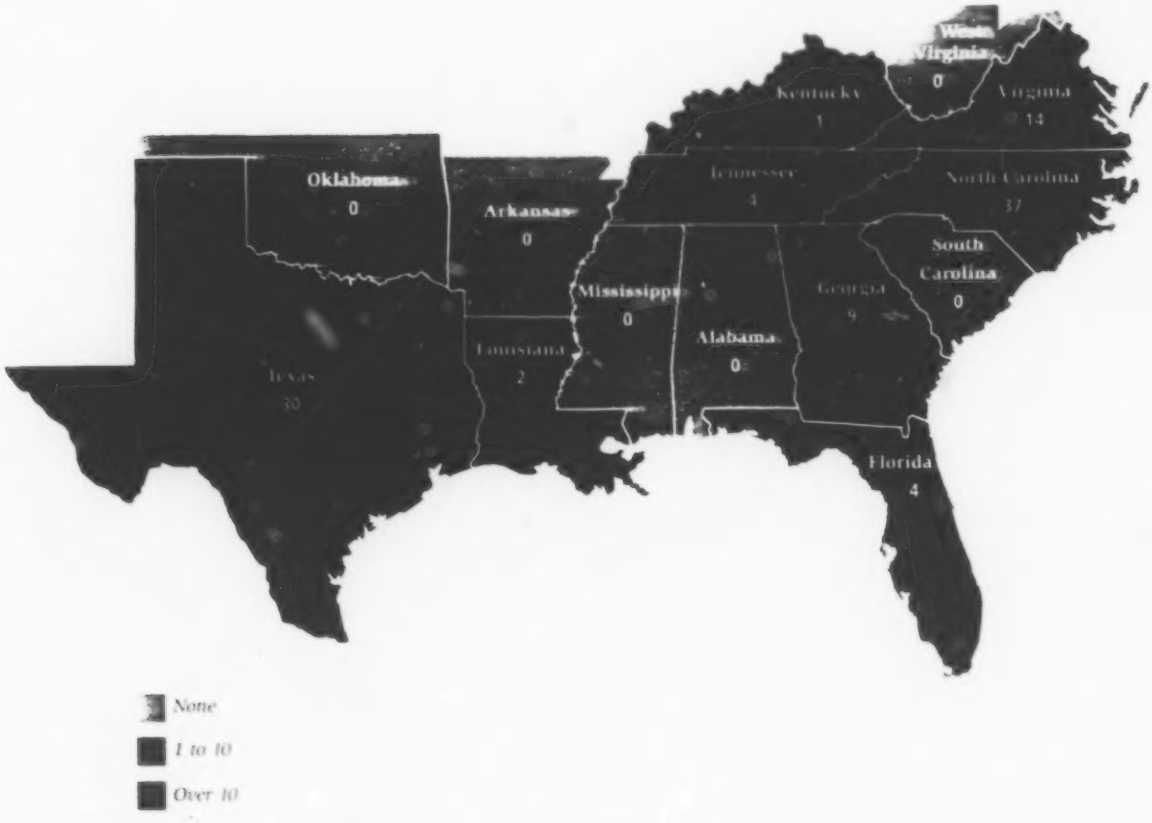
Excellence in graduate programs is clustered

Number of top 20 doctoral programs at Research I universities



Source: National Research Council, Research – Doctorate Programs in the United States, Continuity and Change

The National Research Council examined doctoral programs in 1993 to establish relative rankings. In three Southern states, significant numbers of doctoral programs were judged to be in the top 20 in their fields.

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Chapter 6

An Agenda

For an age of anxiety

"Increasingly, the ancient and venerable Do-Without Plan is deserted... I believe that the new Southern plan will grow more directly from itching than from statistics. The South is awaking, scratching at new desires."

— Jonathan Daniels, in *A Southerner Discovers the South*, 1938.

The South has consigned its "do-without plan" to history. The region has awakened, it has gained population and economic muscle and, as Jonathan Daniels foresaw, it has had an itch for progress and prosperity.

And yet, two forces, colliding and reinforcing, threaten the South. A demographic and economic double whammy will hit the South over the next 15 years, disorienting employers, distressing workers and demanding much more from Southern states.

The South will prosper if it can build an economy of competitive businesses and trained workers. Whether it grows from statistics or from an itch for success — or, preferably, a combination of both — what is needed is a coherent agenda, as well as the leadership to move it forward.

An agenda to carry Southern states across the threshold of a new millennium flows out of the findings and learnings contained in this *State of the South* report:

- The region's immediate future requires massive adult education and retraining to cope with an aging workforce coupled with a decline in young entrants into the labor force.

- The South has joined the nation in entering another age of anxiety, a period of wrenching change and uncertainty as the economy shuffles off old jobs and skills and adds new ones.

- The South has produced prodigious job and income growth, even as its traditional industries have declined. Southern states cannot control national and international economic forces, but they can equip their people to cope — and flourish.

- Blacks have continued to fall behind whites in overall income. Simultaneously, black married couples have made dramatic economic gains. This suggests that low educational attainment and the surge in single-mother families have surpassed racial discrimination in the workplace as the main reasons for the white-black income gap.

- The shadows in the Sunbelt are shifting. Despite substantial improvements in state poverty rates, economic erosion appears not only in rural areas but also in central cities, as the South joins in the suburbanization of American society.

- The tools to make the South more competitive, with better jobs, higher-skilled workers and stronger businesses, are primarily educational. And all the tools — schools, colleges and universities — need sharpening.

The education imperative

1. The new economy makes education beyond the 12th grade mandatory.

In economic terms, a high school diploma these days does as much good as rabbit ears on a computer. A worker armed only with a high school diploma today has fewer prospects than a dropout a generation ago. The South's business and civic leadership can change a culture that encourages too many students to quit pursuing education after prom night. In the South, postsecondary education should be universal.

Middle schools and high schools need to steer students, all students, toward postsecondary education, as well as give them serious exposure to a variety of careers. It is crucial that schools motivate and assist students who are underachievers and who appear headed toward dropping out. In

large part, this means redefining and invigorating school guidance and counseling with a special focus on raising students' horizons.

For all Southern middle school and high school students, including minorities, rural whites and females, the question should be which university, college or technical institute they will attend, not whether they are going to college.

2. *A restructured economy demands a restructured system of education.*

States should work toward making seamless connections between and among public elementary and secondary schools, community colleges and universities. The focus should be on adapting institutions to meet the needs of students, young and old, facing the demands of a dynamic economy, rather than on the convenience of institutions or the traditional academic calendar.

3. *The South needs to rationalize its systems of higher education.*

It is difficult to generalize about the states, except to say that their networks of research universities, regional universities, junior colleges, community colleges and technical institutes grew out of a wide range of political, social, racial and economic factors. Some states burden themselves with fragmentation and duplication; others do not have enough of the right kind of flexible institutions.

All states need to examine their higher education systems, to imbue their institutions with a sense of order and priorities, to reassign functions among them and to instill a spirit of collaboration. Every state should boost the effectiveness of higher education institutions, particularly those that serve poor people and poor places. Universities and community colleges should be given financial incentives to apply their intellectual resources to the development of their communities, regions and states.

4. *The South needs a new compact between states and their colleges and universities, and between these institutions and their students.*

Tuition rises and student aid declines, just as support for universities erodes. These trends need to be reversed in an economy that demands greater access to colleges and universities. Higher education, in turn, must strengthen its commitment to students and the states. Education systems as well as individual institutions will have to become more collaborative, both within states and regionally, if the South is to afford the quality programs it needs.

5. *Higher education should be funded on the quality, as well as the quantity, of instruction.*

Both universities and community colleges ought to have a clear sense of mission, explicitly including service to society, and states should fund

them not simply on the basis of how many students they enroll but instead on how they carry out their instructional, research and public service missions.

6. *The South must preserve and enrich its quality research and doctorate universities.*

Maintaining a dynamic economy needs the spark of economically valuable new ideas. The spark is struck in the region's top-rank universities. Where high-quality programs exist, states should maintain them. Where few such programs exist and would be expensive to create, especially in the Inland South, neighboring states ought to work toward ventures across state lines to bring research and postgraduate opportunities to more of their citizens.

7. *Community colleges should become the hub of a system for the constant and massive education and retraining of adults.*

Community and technical colleges will have to organize to meet the education needs of business and industry and of the 8 million additional citizens, age 45 to 65, who will carry the economy of the South during the first decade of the new century. To do this, they must become even more flexible, respond aggressively to the diverse needs of both their students and nearby employers and place themselves at the center of regional economic development efforts.

8. *Easy access to postsecondary technical and academic education no longer suffices.*

Increasing access is not building more campuses, but delivering more instruction to more people. Colleges should have the mission and funding to identify, recruit, counsel, support, educate and place into jobs or further education all who need their services. The mission should be aggressive, not passive.

The job-quality imperative

1. *The South should focus on job quality as well as job quantity.*

The region scores economic development by counting companies recruited, jobs promised, ribbons cut. Now, a broader, more realistic system of calculating success is needed — a system that would factor in wages paid, skills required, companies started-up, capital raised, existing industry expanded and modernized.

2. *The South requires an ever more competitive and productive private sector.*

While competitiveness is primarily the responsibility of the private sector, the public sector has an important job in the transmission of knowledge, in getting information to employers on export markets, new technology and workforce retraining concepts.

States should use their regional universities and community colleges to move knowledge from the research laboratory to the plant floor in an effort that would repeat the success of the agricultural extension service.

Networks of firms should concentrate on spreading best practices, exporting goods and services and attending to work organization and management as much as they concentrate on lobbying and public relations.

3. *Each Southern state should build a rational, comprehensive workforce development system, formed out of collaboration between public and private sectors.*

The devolution of federal job training will give Southern states an opportunity to establish priorities and build a system that serves the needs of both employers and employees. This will require states to eschew the easy way out — doing the same old thing, in the same old way, with less money.

The greater-expectations imperative

Now more than ever, the South's prosperity will depend on its ability to educate those most at risk — older workers, rural whites, new Hispanic citizens and blacks still left behind, especially children of single-parent families. The South's further advancement will depend on its shedding vestiges of old attitudes and mind-sets that have stereotyped blacks, women and rural residents and channeled them into lower-skill, lower-pay jobs. The South's strength of character and of economy will depend on concerted efforts — by churches, foundations, public and private agencies, opinion leaders of all kinds — to support families and to transmit a culture of ever higher expectations across the South.

Epilogue

"...Why do they live there. Why do they live at all."

— William Faulkner, *Absalom, Absalom!*

When Faulkner wrote 60 years ago, these were good questions. More than 60 percent of us were poor even though more than 60 percent of us — man, woman and child — worked. Southerners lived here, partly because we had jobs here, pitiful as most of those jobs were. Why, indeed, "do they live there?"

Millions did leave. Despite ties to land, family and friends, they chose not to "live there at all" and left in the largest migration in American history. Southerners' storied "sense of place" was no match for the economic realities that drive migration.

Those times are long past. The elimination of legal discrimination, a leap forward in education, investments in infrastructure and the miracle of air conditioning have turned America's economic embarrassment into its envy. People don't leave the South these days. They come. The region's brightest students no longer need to leave home to find the best education and the most challenging jobs. Those institutions and that employment is here, in the South.

Yet we still have a ways to go. Even as discrimination in the workplace is diminishing, the country fills with a resurgence of racial hostility. Even as the Southern economy seems to be on a high boil, the gap between rich and poor remains wider here than in the rest of the country. Meanwhile, real income for uneducated white males is plunging and single-parent black families' income is slipping ever farther behind that of white families. White folks assign blame to affirmative action and black folks to racism, but what everyone needs is more education.

This *State of the South* report tells us how to proceed. The directions are simple: education, education, education — with an emphasis on universal education beyond high school and a deeper appreciation of the role of higher education in developing the economy.

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